



2023 year in review

| Canada Life combined
open participating account



Active management in the participating account

Breaking down our activity in 2023

In 2023, the participating account continued to deliver on our goal of stable, long-term performance across market environments. To support our target asset mix of 30% non-fixed-income, the participating account acquired an **additional two real estate properties** across North America in 2023. **Private equity commitments also grew to more than \$2.9 billion at year-end**, with more than \$750 million committed in 2023 alone.

The participating account is consistently evolving its focus within fixed income to drive strong yields without sacrificing quality, **investing a total of \$8.7 billion in new fixed-income assets during 2023**. It has more fixed-income assets maturing over the next five years relative to several other major competitors*. This makes the Canada Life fixed income strategy uniquely positioned to benefit from a rising interest rate environment, all else equal.

Benefiting from the account's size and access to industry-leading asset managers, the participating account is well positioned to continue to deliver on its promises to policyowners for generations to come.

*Sun Life: 2022 Facts and Figures, Manulife: 2022 Public Bond and Private Fixed Income Asset Reports, and Equitable Life: Understanding participating whole life



2023 key stats

- ✓ Total account including policy loans and surplus **grew by more than \$3.2 billion** in 2023 to **\$53.4 billion** – maintaining Canada Life’s combined open participating account as the largest in the industry.
- ✓ Total **policyowner dividends** of **\$1.57 billion** were distributed in 2023, an increase of \$97 million over 2022.
- ✓ Total **participating policyowner death claims** paid of **\$804 million**.
- ✓ **Private equity** commitments of **\$751 million**, committing to invest in 16 new mandates managed by industry-leading firms including Northleaf, Sagard, Goldman Sachs and Power Sustainable.
- ✓ Acquired two directly owned North American **real estate properties**.
 - Continued construction on 185 Enfield Place, Mississauga, a multi-family residential development scheduled for completion in 2024.
- ✓ **\$8.7 billion in new fixed-income assets** actively purchased or originated – this includes public bonds, commercial mortgages, private debt and U.K. equity release mortgages.
- ✓ Yield on fixed-income assets originated in 2023 was 5.6%, or 2.2% higher than fixed-income assets maturing over this time period and 64 basis points higher than fixed-income originated in 2022.

The figures and financial results presented in this document are reported as of Dec. 31, 2023, and are determined in accordance with International Financial Reporting Standards (IFRS), effective Jan 1, 2023. Canada Life, as well as other insurance companies in Canada, now report under the new IFRS accounting standards applicable to insurance companies.



Public bonds

A specialized public bond team based in Winnipeg manages the participating account's public bond holdings. They invest in high-quality, investment-grade government and corporate bonds based on formally approved guidelines. Diversification is maintained across sectors, geographies and issuers.

In 2023, the public bond team continued to actively position the account to maximize risk-adjusted returns and maintain strong liquidity.

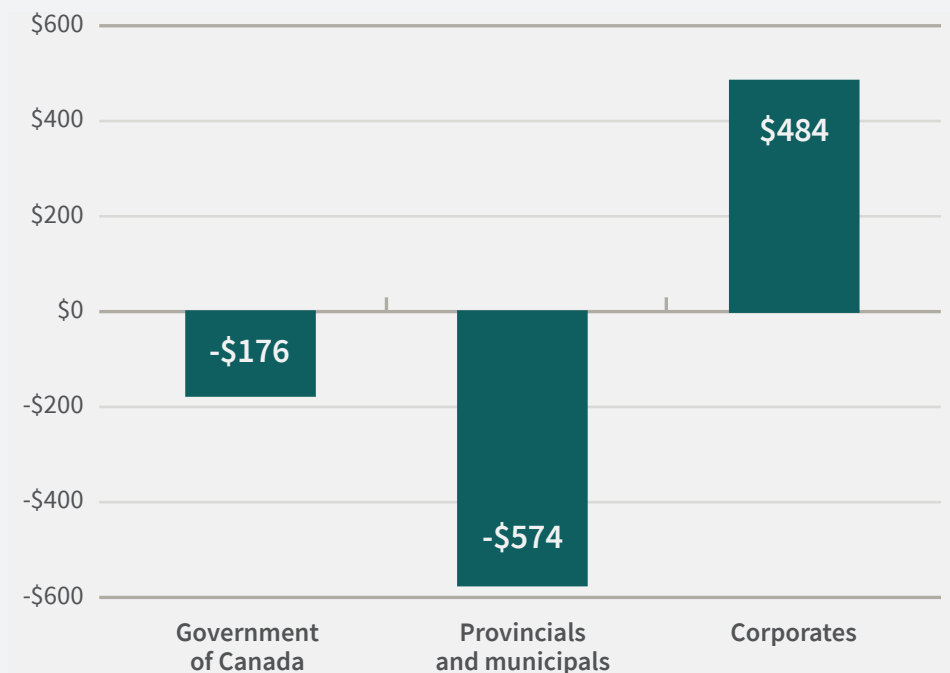
- ✓ Actively purchased \$4.7 billion and divested \$3.3 billion of publicly traded bonds, representing a total of \$8 billion in yield-enhancement activity for the year.
- ✓ Invested across various bond term lengths, with 57% **of purchases being at the nine- to 10-year term length.** This reflects the fact that more than 90% of corporate bonds issued in Canada during 2023 were at the one- to 10-year term length.
- ✓ Continued to increase the participating account's exposure to U.S. public bonds.

The yield on public bond purchases at the nine-to 10-year term length in 2023 was 4.5%, nearly 25 basis points higher than similar assets purchased in 2022.

Overall, the participating account was a **net-seller** of **Government of Canada bonds** and a **net-purchaser** of corporate bonds.

Continued shift from government bonds to corporate bonds

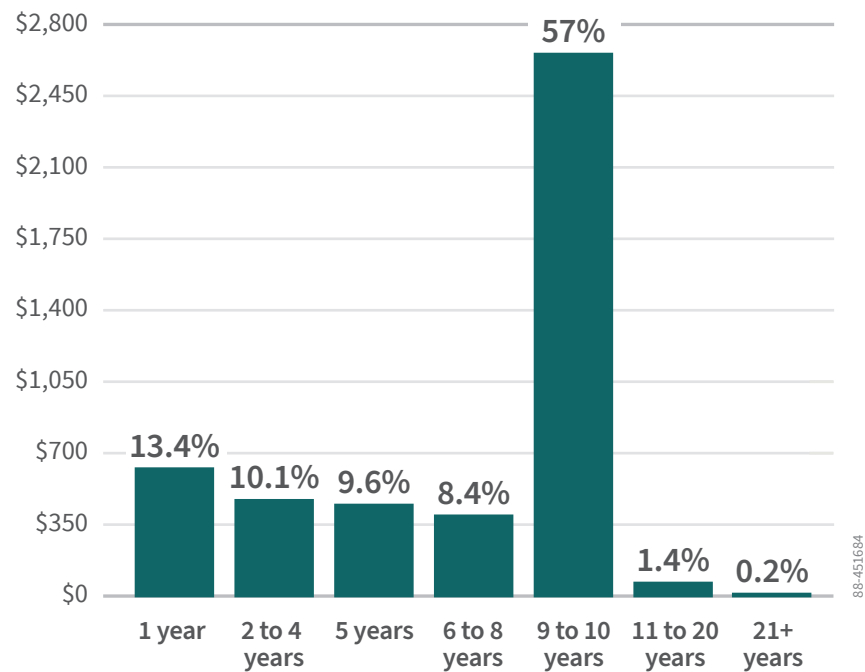
Public bonds: net purchases and sales in 2023 (\$ millions) (excluding surplus)



\$13.4 billion asset class value

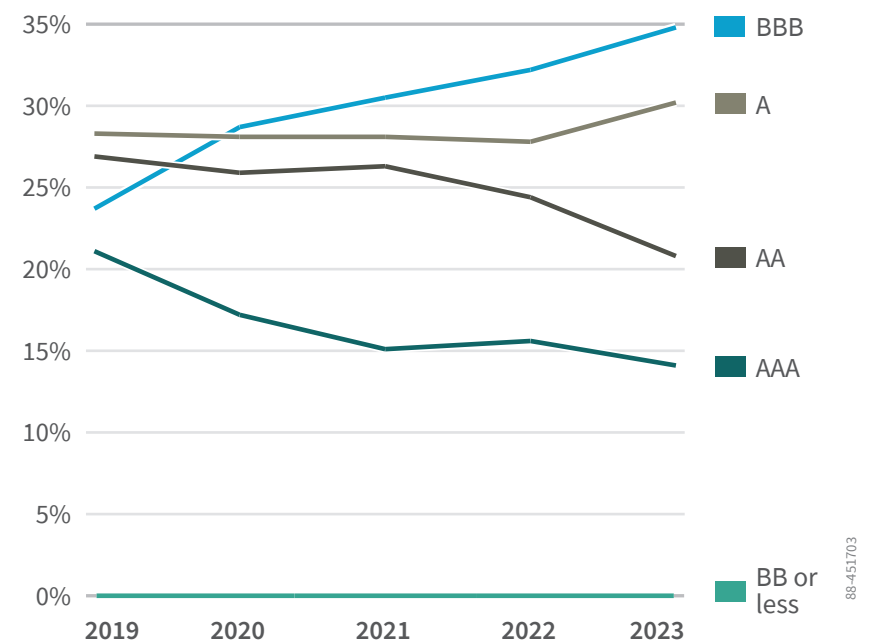
Public bond purchases in 2023 consistent with availability in Canadian market

Public bond term purchases in 2023 (\$ millions) (excluding surplus)



Investment grade focus remains in place

Public bonds asset quality mix (excluding surplus)





Mortgages

A specialized mortgage team with five regional offices in major centres across Canada manages the participating account's commercial mortgages. The team acquires high-quality mortgages that meet our underwriting standards and diversification criteria.

Originated by Canada Life UK, equity release mortgages are available to homeowners who are 55 and older who wish to borrow against the equity in their home.

In 2023, the Commercial Mortgage team:

- ✓ **Originated \$1.7 billion** in commercial mortgages.
- ✓ Increased the participating account's exposure to industrial mortgages, while reducing exposure to office mortgages.
- ✓ Grew the participating account's holdings in Quebec, while lowering exposure to British Columbia.

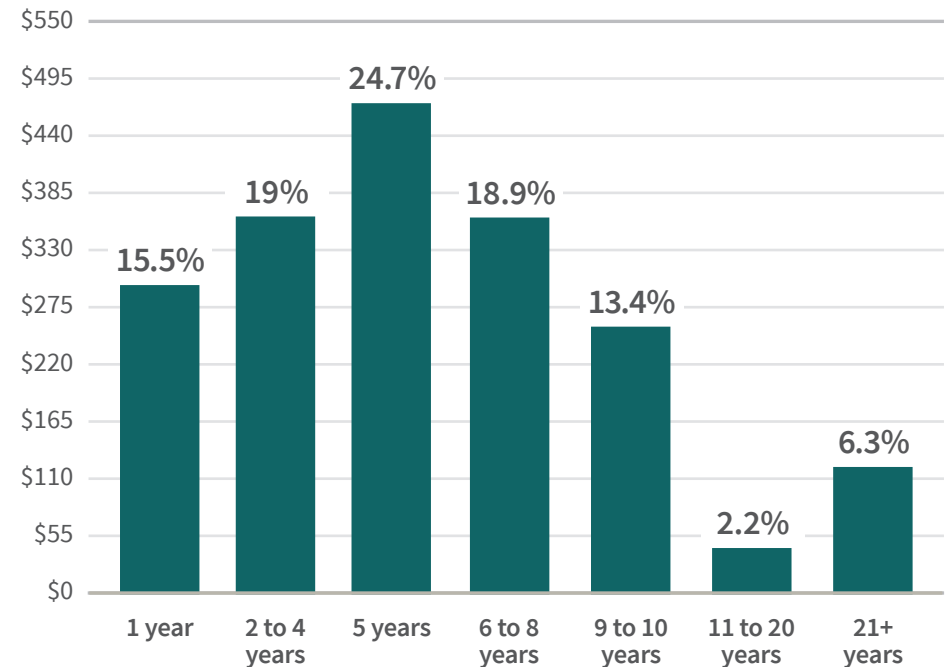
In 2023, the Canada Life UK team:

- ✓ **Originated \$120 million** in long-term equity release mortgages, diversified across various locations in the United Kingdom.

Commercial mortgages originated for the participating account generated an excess yield of **157 basis points** over Government of Canada bonds at the five-year term.

Mortgages originated for the participating account in 2023 were focused mainly on the five- to 10-year term length

**Mortgage term originations in 2023 (\$ millions)
(excluding surplus)**





Private debt

A specialized global team manages a diversified portfolio of private debt for the participating account. Private debt is bond investments made through private agreements with various borrowers. These investments go through a disciplined credit process and are thoroughly researched, underwritten and actively managed. The goal is to provide a higher yield over comparably rated public market bonds, with an emphasis on maintaining credit quality.

In 2023, the private debt team:

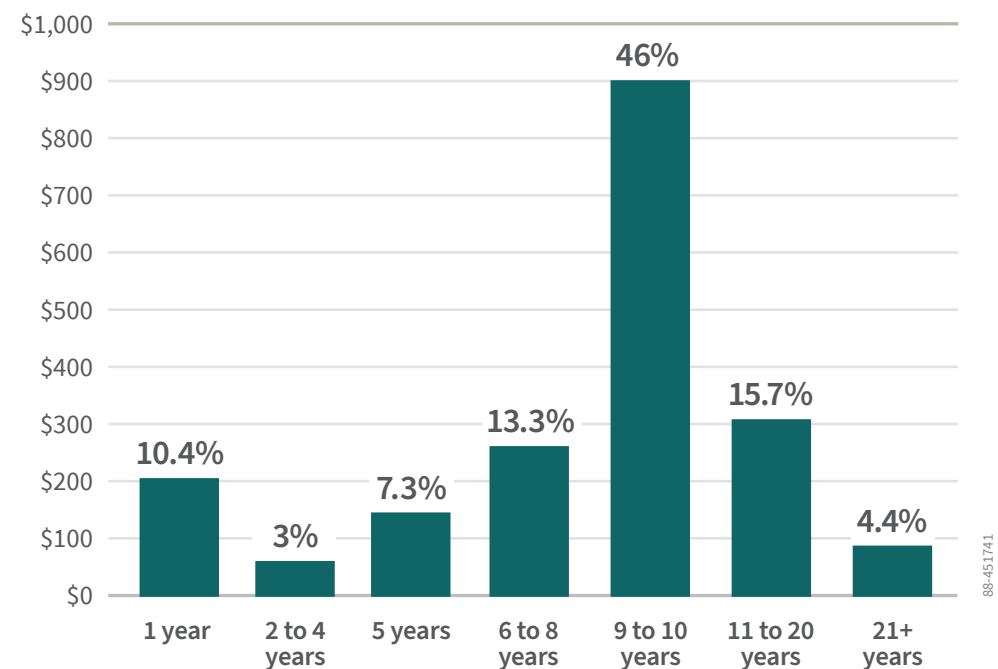
- ✓ Originated **\$2 billion** of domestic and foreign private debt assets for the participating account, up from the \$1.1 billion originated in 2022.
- ✓ Increased our exposure to utilities and financial services sectors, while reducing exposure to power generation and basic materials.
- ✓ Leveraged their global reach by continuing to invest in U.S. and other foreign private debt.

Foreign private debt advantages include:

- ✓ Increased diversification
- ✓ More investment opportunities
- ✓ Potentially higher returns

Domestic private debt originations generated an excess yield of 202 basis points relative to Government of Canada bonds at the nine- to 10-year term length.

Private debt term originations in 2023 (\$ millions) (excluding surplus)





Public equities

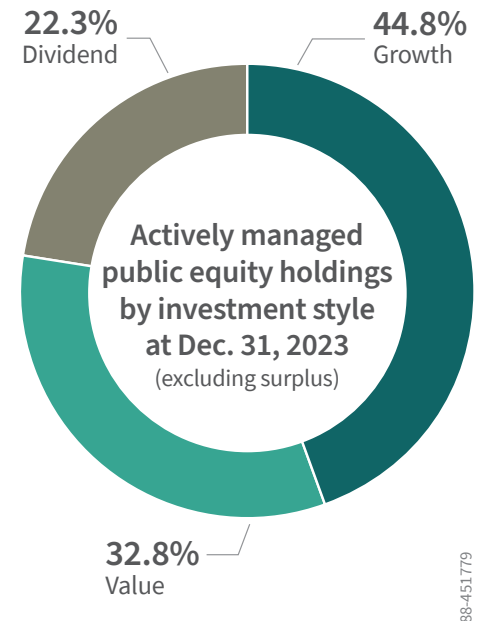
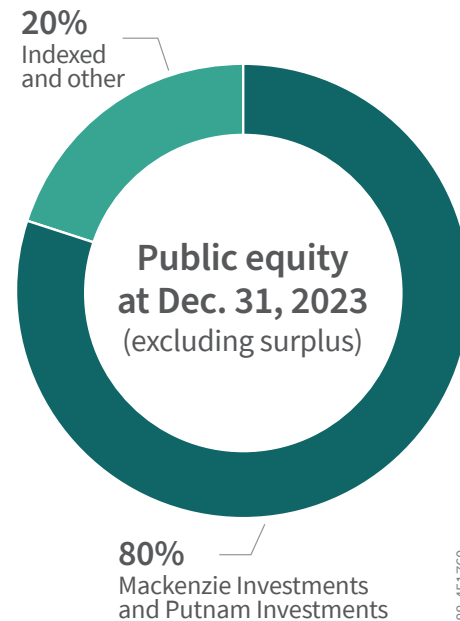
Most public equity assets in the participating account are actively managed by experienced teams working to generate performance above relative benchmarks.

Actively managed public equity holdings are managed by Mackenzie Investments and Putnam Investments – both industry leading public asset management firms.

In 2023, the account:

- ✓ Continued to invest through Mackenzie Investments and Putnam Investments, benefitting from their combined \$400+ billion in assets under management.
- ✓ Remained well diversified across various public equity styles and market capitalization levels.
- ✓ Continued to **invest in both Canadian and U.S. markets, allowing the account to diversify** its exposure to a wider range of high-quality companies and industries.

The participating account's overall public equity holdings had a total return of 12.8% in 2023, outperforming the S&P/TSX total return of 11.8% driven by U.S. holdings.





Real estate

GWL Realty Advisors Inc. and Sagard Real Estate manage the participating account's direct real estate holdings.

Direct real estate holdings are focused on institutional grade income producing properties in Canadian and U.S. regions with strong economic bases and favourable growth potential. Holdings are well diversified across sectors. Most direct properties are wholly owned by the Canada Life participating account, with minimal use of leverage.

2023 remained an active year for the direct real estate asset management teams:

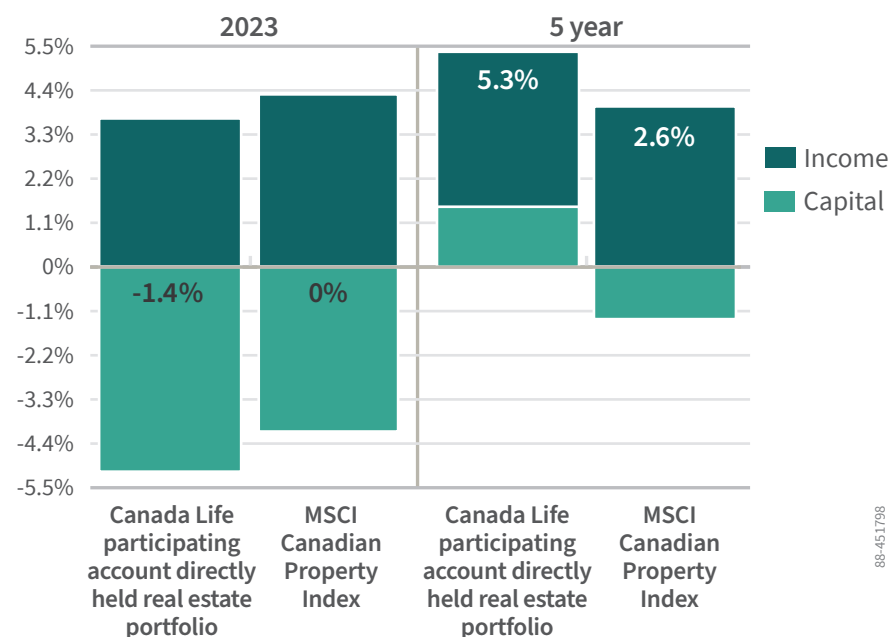
- ✓ Added more than **\$85 million in directly-owned properties** to the account, bringing the number of assets to 84.
- ✓ Increased the account's exposure to multi-family residential properties.
- ✓ Purchased one new property within Canada, a multi-family residential development property in Vancouver.
- ✓ Added one new property in the United States, an industrial complex located in Rex, Georgia.
- ✓ The account **divested two Industrial assets in Alberta**. Selling these properties after achieving near full occupancy at market rent has enabled a recycling of capital to improve the account's portfolio quality.
- ✓ Continued construction on 185 Enfield Place, Mississauga, a multi-family residential development scheduled for completion in 2024.

Active management in the participating account – Breaking down our activity in 2023

\$5.3 billion asset class value

The directly-owned real estate properties managed by GWL Realty Advisors and Sagard Real Estate trailed the MSCI Canadian Property Index by 140 basis points in 2023. However, over the past 5 years they have outperformed the index by 270 basis points.

Canada Life participating account direct real estate performance relative to the MSCI Canadian Property Index



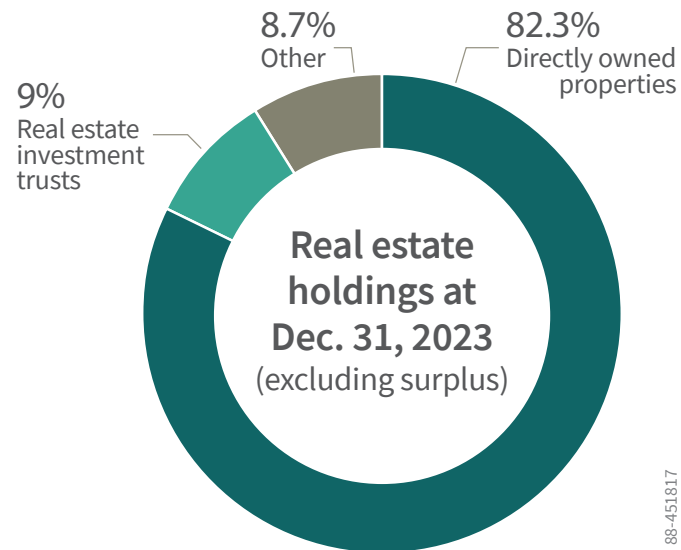
Historical average annual returns are geometric means. Performance is specific to directly-held real estate in the Canada Life participating account.

The purpose of this chart is to highlight the strong performance of the Canada Life participating account Canadian real estate portfolio relative to the MSCI Canadian Property Index benchmark and should not be used to extrapolate the direct impact on the dividend scale or dividend scale interest rate.

MSCI Canadian Property Index© MSCI Inc. and its licensors 2023. All rights reserved. Used with permission granted by Investment Property Databank Ltd. (IPD), an MSCI-branded company. Neither MSCI nor IPD accepts or has liability to any person for any losses, damages, costs or expenses suffered as a result of any reliance placed upon this index.

\$5.3 billion asset class value

More than 80% of the participating account's real estate exposure is through directly owned properties in both Canada and the U.S.



Example of U.S. asset acquired by the participating account in 2023

9485 Highway 42 North, Rex, Georgia
(Photo courtesy of of GWL Realty Advisors)



Private equity

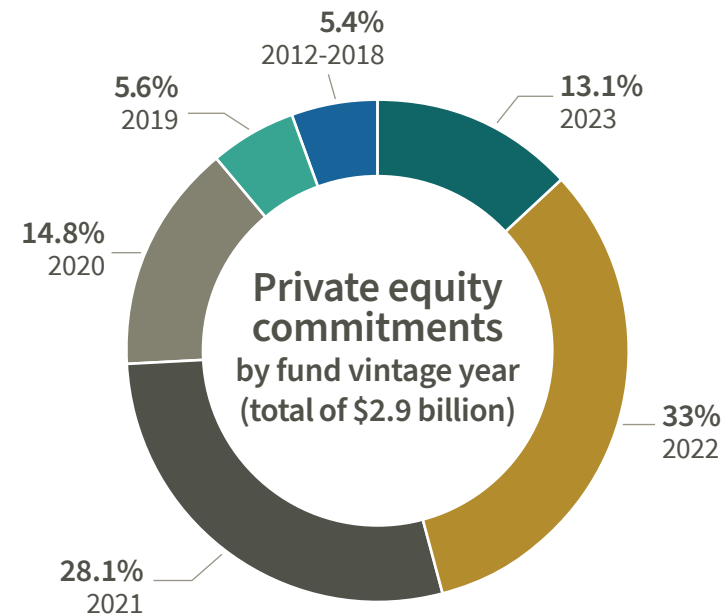
An internal team based out of Denver, Colorado oversees private equity investments. Underlying private equity investments are managed by a select group of private equity firms based primarily in the U.S and Canada.

2023 remained a very active year for the participating account's private equity team as they work to grow the account's exposure to its 4% allocation target. During the year, the team was busy investing through key partners in both Canada and the U.S. including:

- ✓ Investing with some of the largest and most well renowned private equity firms in the U.S., including firms such as Blackstone, Brookfield, and Oaktree.
- ✓ Leveraging our ownership stake in Northleaf.
- ✓ Accessing investment opportunities at Sagard through our ties to Power Corporation of Canada and our ownership stake.

In 2023 specifically, the Canada Life combined open participating account **committed \$751 million across existing and 16 new private equity mandates**– bringing our total Canada Life combined open participating account private equity commitments to over \$2.9 billion to date.

The participating account committed \$751 million in 2023 across a range of private capital strategies including private equity/buyout, private credit and infrastructure equity.

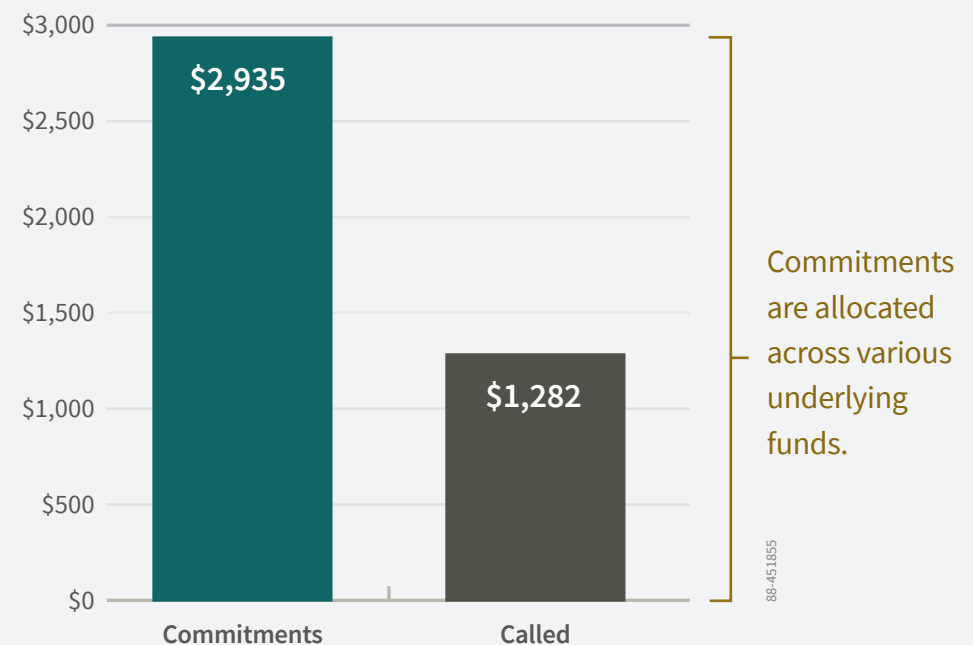


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\$1.2 billion asset class value

Of the \$2.9 billion committed by the participating account, **about 44% has been called*** to-date by those fund managers (invested in various underlying funds).

Private equity: commitments vs. called at Dec. 31, 2023
(\$ millions) (excluding surplus)



* A capital call is the act of collecting committed funds from limited partners.

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