



2023 Financial facts

Canada Life combined
open participating account



Welcome

to the 2023 Canada Life
participating life insurance
Financial facts

It includes key details about the performance,
strength and management of the Canada Life™
combined open participating account.

What makes Canada Life a leader
in participating life insurance?



Experience

We've been in the participating life insurance
market **for more than 175 years**. We've
distributed participating policyowner
dividends since 1848, even through some
of the worst economic events.



Size

We have **the largest** open participating account
in Canada.



Expertise

**Our experienced teams and industry-leading
partnerships** help us make strategic decisions
about the participating account.



Integrity

Our fair and transparent approach has earned
the trust of generations of Canadians.



Performance

Our investment strategy remains focused
on **long-term performance and stability**.



Thank you for your interest in Canada Life's participating life insurance. Our open participating account is the largest in Canada, with more than \$53 billion in account value.

On Jan. 1, 2020, we combined the Great-West Life, London Life and Canada Life Canadian open participating accounts. This guide provides key financial facts about the performance, strength and management of the combined open Canada Life participating account for Jan. 1, 2023 to Dec. 31, 2023. The open account excludes the former New York Life, former Crown Life and Canada Life closed blocks of policies.


A Canada Life participating life insurance policy provides a foundation of guarantees:

- ✓ **Guaranteed base premiums**
- ✓ **Guaranteed base payout on death**
- ✓ **Guaranteed base cash value**

It also offers the opportunity for growth based on participation in a pool with other participating policies. Canada Life participating life insurance offers both stability and flexibility in a permanent life insurance solution.



Was your policy
issued before
Jan. 1, 2020?

 You can get historical performance reports for policies formerly belonging to our open participating accounts before amalgamation on Jan. 1, 2020 from your advisor or at canadalife.com.

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.

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This document uses the term “policyowner,” except when referencing the dividend policy, which uses “policyholder.” This document uses the term “earnings,” except in the Insurance Companies Act (ICA) provisions and references section, which uses the term “profits.”

The 2023 Canada Life participating policyowner dividend scale reflects dividends credited on participating policy anniversaries beginning July 1, 2023 through June 30, 2024. References to the 2023 dividend scale or the 2023 dividend scale interest rate throughout this document reflect this timing.

Numbers may have been rounded throughout *Financial facts*. Performance data is provided for illustrative purposes only. It represents past performance, which is not indicative of future performance. Unless otherwise noted, graphics and tables represent assets backing liabilities excluding surplus.

Assets backing the Canada Life open liabilities are pooled with the assets backing Canada Life closed liabilities (all Canada Life policies issued prior to demutualization on Nov. 5, 1999) for the purpose of setting the dividend scale interest rate. The asset values provided are approximate splits and are provided for informational purposes only.



2023 financial highlights

for the Canada Life participating account

In this section, results include the Canada Life combined open participating account for 2023, except where noted.

Dividends

- Canada Life has distributed participating policyowner dividends since 1848.
 - Dividends distributed are divided among groups of policies that share common attributes. The amount allocated to each group will vary depending on the earnings that each group is considered to have contributed to the participating account earnings.
- In 2023, Canada Life distributed \$1.57 billion in combined open participating account policyowner dividends.
- The dividend scale interest rate¹ for new Canada Life policies issued after Jan. 1, 2020, remains unchanged at 5.50% effective July 1, 2024.

Investments

Canada Life's long-term investment strategy, together with its smoothing approach, helps reduce the impact of short-term volatility on the investment component of participating policyowner dividends.

The investment guidelines for the assets consider the business objectives, liability characteristics, liquidity requirements, tax considerations and interest rate risk tolerance. The investment guidelines must be formally approved.

Investment guidelines for the total participating account invested assets (including surplus)

As of Dec. 31, 2023

Assets	Investment guidelines
Cash and equivalents	0 to 5%
Public bonds and private debt	30 to 60%
Mortgages	15 to 35%
Other fixed income	0 to 10%
Real estate	0 to 15%
Public equity	10 to 20%
Private equity	0 to 6%
Other invested assets	0 to 5%

The investment guidelines displayed apply to total assets backing participating account liabilities and surplus. These ranges do not include the category of policy loans, which are not invested. 'Other fixed income' includes alternative fixed-income assets such as Equity Release Mortgages (ERMs) and private credit. 'Other invested assets' include debt substitutes such as preferred shares

Experience related to insurance claims, expenses and taxes, policy terminations and other factors may also affect dividends.

Insurance claims

- Historically, we've seen life expectancy increase. This, along with the prudent selection of underwriting risks, has contributed to participating account earnings.
- In 2023, Canada Life participating insurance claims for payouts on death totalled \$804 million.

Expenses

- Canada Life proudly serves approximately 14.3 million customer relationships from coast to coast to coast. This provides opportunities for Canada Life to achieve expense efficiencies.

Policy terminations

- Policy terminations (other than a payout on death being paid) can also affect the performance of the participating account. For example, when the actual number of policy terminations is different from the assumptions used for pricing, this can affect the amount of distributable earnings.

Strength

- The Canada Life combined open participating account size total is \$53.4 billion at Dec. 31, 2023.
- The Canada Life open account had approximately 1.5 million participating life insurance policies in force at Dec. 31, 2023.
- Canada Life continues to have strong credit ratings relative to its North American peer group due to its conservative risk profile, strong capitalization and stable earnings track record.²

Accountability

- Following amalgamation, the total distribution of participating account profits to shareholders was 2.5%. The participating policyowner portion of distributed surplus in 2023 was 97.5%.
- Canada Life is regulated under the *Insurance Companies Act* (ICA) of Canada. The ICA provides requirements for how a company that has shareholders must manage its participating accounts. It also requires the establishment and maintenance of a participating account management policy and a participating policyowner dividend policy. You can view these policies at canadalife.com/insurance/life-insurance/permanent-life-insurance/participating-whole-life-insurance.
- Participating policyowner dividends are determined in accordance with the participating policyowner dividend policy approved by the board of directors. This policy is intended to ensure reasonable equity among groups of participating policyowners.
- You can find details about the investments held in Canada Life's participating account at canadalife.com/insurance/life-insurance/permanent-life-insurance/participating-whole-life-insurance. This information is updated quarterly.

1. The dividend scale interest rate is used to calculate the investment component of participating policyowner dividends. It's based on the smoothed investment return on the assets backing participating account liabilities as well as other investment related factors, such as policy loans. It doesn't include the return on assets backing the participating account surplus. The dividend scale interest rate is only one of many factors that contribute to an individual policy's performance. The actual growth in cash value for any specific policy varies based on a number of factors.

2. Based on the latest credit ratings by A.M. Best Company, DBRS Limited, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services at time of publication. For current information on Canada Life's ratings and financial strength, see canadalife.com/insurance/life-insurance/permanent-life-insurance/participating-whole-life-insurance.



The participating account

Canada Life is committed to participating life insurance. We have more than 175 years of experience in the participating life insurance market. We've distributed participating policyowner dividends since 1848, even in difficult economic times.

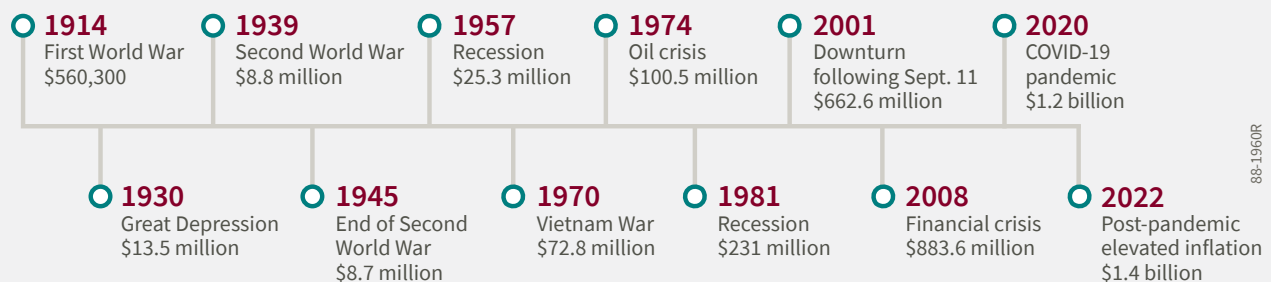
We'll continue to manage the participating account for stability and strength. We've never left the participating life insurance market and our track record speaks for itself.



**Experience,
expertise, performance:**

With more than 175 years in the participating life insurance market, Canada Life's expert teams and proven investment strategies provide the strength and stability to back our participating account.

Participating policyowner dividends through history



Amounts shown before Jan. 1, 2020, include the Great-West Life, London Life and Canada Life participating accounts prior to amalgamation. Amounts shown after Jan. 1, 2020, are from the combined Canada Life open participating account.

Numbers reflect the then-current dollar amount of declared policyowner dividends, as reported in company annual reports for the associated year. Numbers may be rounded. Amounts reported before 2001 may include dividends for policies issued outside Canada. The dividends shown in a particular year don't necessarily reflect the event shown for that year. Past performance is not indicative of future performance.

Participating policyowner dividends are different from shareholder dividends

Shareholder dividends are paid based on the overall results of the company from all lines of business. These include non-participating insurance and investment products.

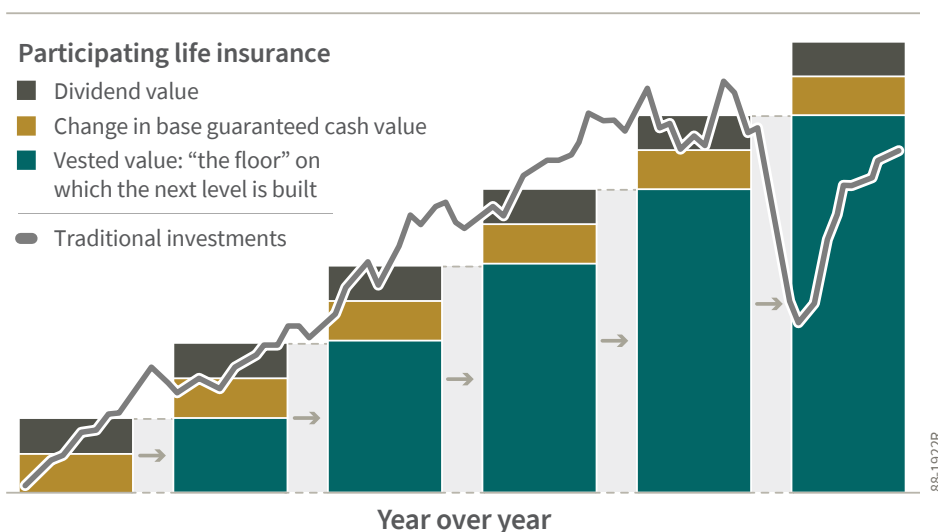
Participating policyowner dividends are based solely on the earnings generated within the participating account associated with that policy. These earnings are generated by the participating account experience and aren't influenced by company results on products that are held outside of the participating account.

Starting at a policy's first anniversary, participating policyowners may receive dividends. Dividends can be used to purchase additional insurance, which may have an associated cash value. This cash value, once credited to the policy, is vested and can't be reduced or used for any purpose other than as authorized by the policyowner, to pay premiums, or to preserve the policy's tax-exempt status.

If a policy isn't credited a dividend in any year, this won't reduce the cash or payout values that accumulated up to that point. This is as long as premiums are paid when due and policy values haven't been used for any purpose, other than as may be specified under the contract or elected by the policyowner.¹

Vesting is a key advantage of participating life insurance because policyowner dividends, once credited, aren't negatively affected by future experience.

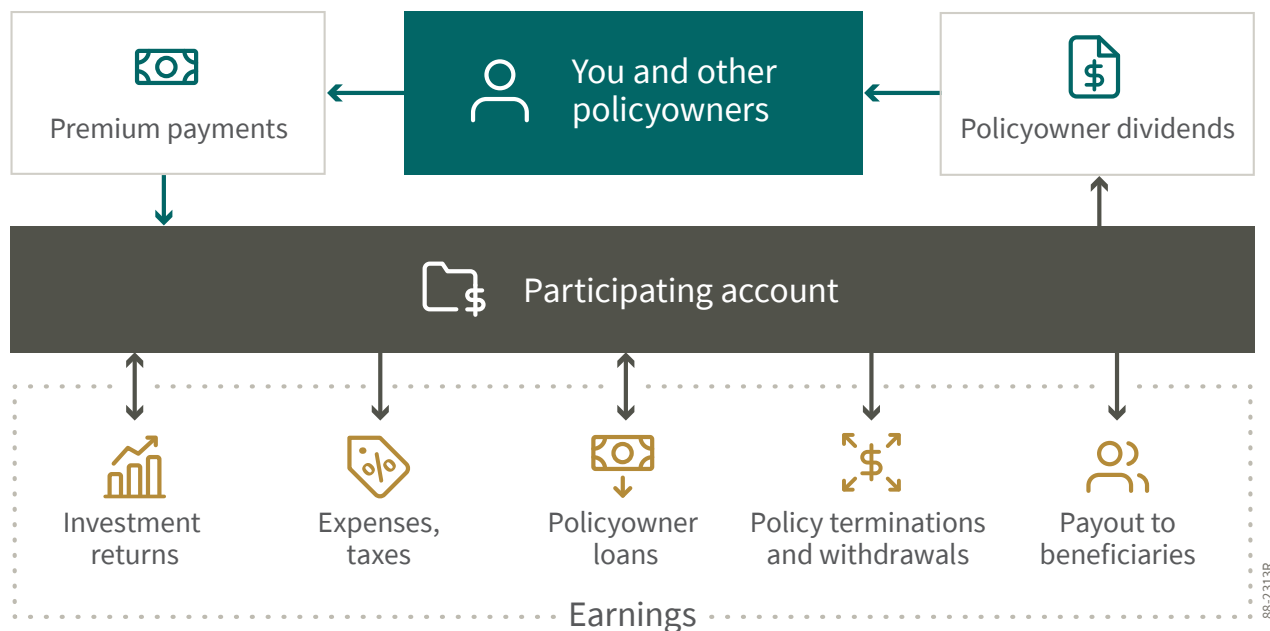
Visual example of vesting



Dividends are not guaranteed.

1. For policies where the enhanced coverage guarantee is no longer in effect or if the policy isn't credited a dividend or the dividend amount isn't sufficient to support the enhanced coverage amount, the policyowner may choose to pay an additional cash premium to buy enough one-year term life insurance to maintain the enhanced coverage amount. Otherwise, the enhanced coverage amount will be reduced.

How participating insurance works



1

Your premium payments, together with the payments from all other Canada Life participating policyowners, go into the participating account. We manage this account to meet the guarantees and commitments to all our participating life insurance policyowners, now and in the future.

2

If actual performance is better than our assumptions at the time of pricing, which may include but isn't limited to investments, expenses and taxes, policy terminations and withdrawals and insurance payouts, earnings are generated for the participating account.

3

When earnings exceed the amount needed to meet guarantees and commitments, policyowners might be able to share, or "participate," in these earnings. We might distribute some of these earnings as policyowner dividends, although this isn't guaranteed. The distributed amount is influenced by considerations such as the need to retain earnings as surplus and to reduce short-term volatility in dividends.


Strength

Canada Life focuses on the long-term strength and performance of the participating account.

These factors are important when choosing a participating policy because the net cost of a participating policy depends on the long-term performance of the participating account.

Open block participating account (\$ millions)

Summary of participating account operations	Dec. 31, 2023 (\$)	Participating account balance sheet	Dec. 31, 2023 (\$)
Insurance Service Result	127	Assets	50,290
+ Net Investment Result	(105)	- Liabilities	47,431
+ Other Income and Expenses	(78)	= Closing balance for participating account surplus	2,859
= Earnings before income taxes	(56)		
+ Income taxes	72	Participating account surplus	
= Participating account net earnings (loss)	16	Opening balance (at Jan. 1, 2023)	2,750
		+ Participating account net earnings (loss)	16
		+ Other comprehensive income (loss)	93
		= Closing balance for participating account surplus	2,859

 We've changed the presentation of the income statement to reflect new accounting standards. There's no impact on how we manage the participating account or distribute policyowner dividends.

The figures presented are determined in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), effective Jan. 1, 2023.

Insurance Service result includes items such as the release of the contractual service margin (i.e., a liability that reflects future profits that is released into earnings as insurance contracts are fulfilled) and release of the risk adjustment (i.e., a provision for insurance risk within the liability that is released into earnings if experience is realized as expected).

Net investment result includes items such as earnings on surplus (i.e., investment income on assets held in surplus).

Other income and expenses would include items such as the shareholder portion of the distribution of profits from the participating account for the financial year under section 461 of the ICA as well as certain expenses that do not impact policyowner dividends.

To be consistent with the company's financial statements, accumulated other comprehensive income (loss) is included in the participating account surplus. The opening balance (Jan. 1, 2023) for the participating account surplus has also been restated to reflect the adoption of IFRS17 reporting standards. Other comprehensive income includes specific unrealized investment gains and losses, which may be temporary.

How we allocate participating policyowner dividends

Any amount distributed from the participating account as policyowner dividends is divided among groups of policies with common attributes. The amount, if any, credited to each policy within a dividend group varies depending on the earnings considered to have been contributed by that group. This is known as the contribution principle. A policy may not be credited a dividend, for example, if it's in a group of policies that made no contribution to participating account earnings.

Examples of how we determine groups include:

- The year a policy was issued
- Time periods in which premium payments, guarantees or pricing assumptions were similar
- Plan types
- Base risk classifications (for example, male or female, smoker or non-smoker)
- Issue ages

In following the contribution principle, several elements are considered in addition to dividend groups. For example:

- Generations of policies
- Legal and regulatory requirements
- Actuarial professional guidelines
- Industry practices

We distribute dividends according to the terms of each policy, the base coverage amount and coverage from paid-up additional coverage. The premium payment due on the first policy anniversary must be paid before we credit a dividend.

Before any participating policyowner dividends are declared, the appointed actuary must report to the board of directors on the fairness to participating policyowners of the proposed dividend scale and whether it's in accordance with the company's dividend policy.

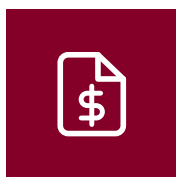
At least once a year, we determine whether the dividend scale is at an appropriate level and if it needs to change.

This review may include:

- One-year term life insurance rates
- Premium payments charged to purchase paid-up additional coverage
- Various crediting interest rates associated with the participating account

Surplus, and income generated by it, is used to help ensure the financial strength and stability of the company. It can also be used for other purposes, such as to:

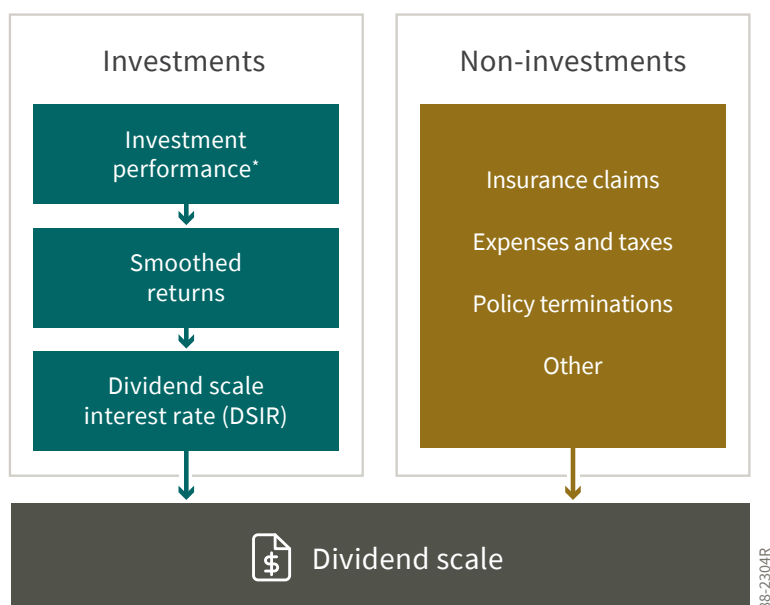
- ✓ Finance new business growth and acquisitions that may benefit the participating account
- ✓ Provide for transitions during periods of major change
- ✓ Manage undue fluctuations in dividends resulting from extreme events



What influences the dividend scale

The dividend scale interest rate is used to determine the amount of participating policyowner dividends that come from the participating account investments. Insurance claims, expenses and taxes, policy terminations, and other factors also play a role in calculating the dividend scale.

Participating life insurance

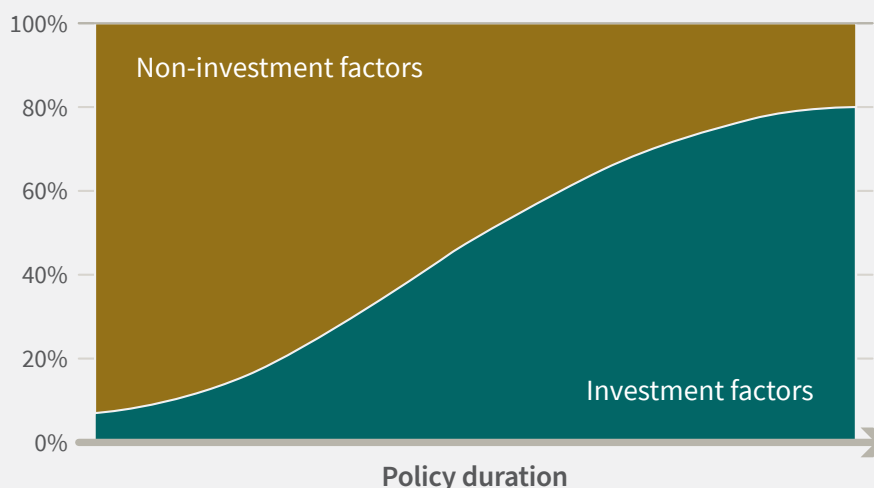


* Performance of assets backing the liabilities of the participating account. Weighting for each of these factors varies over the life of a policy.

Example of changes in the composition of participating policyowner dividends over the life of the policy

In a new policy, insurance claims, expenses and other factors may affect dividends more than investment performance. As a policy matures, investment performance – shown through the dividend scale interest rate – generally starts to play a larger role.

This example is for illustrative purposes only. Situations will vary according to specific circumstances.



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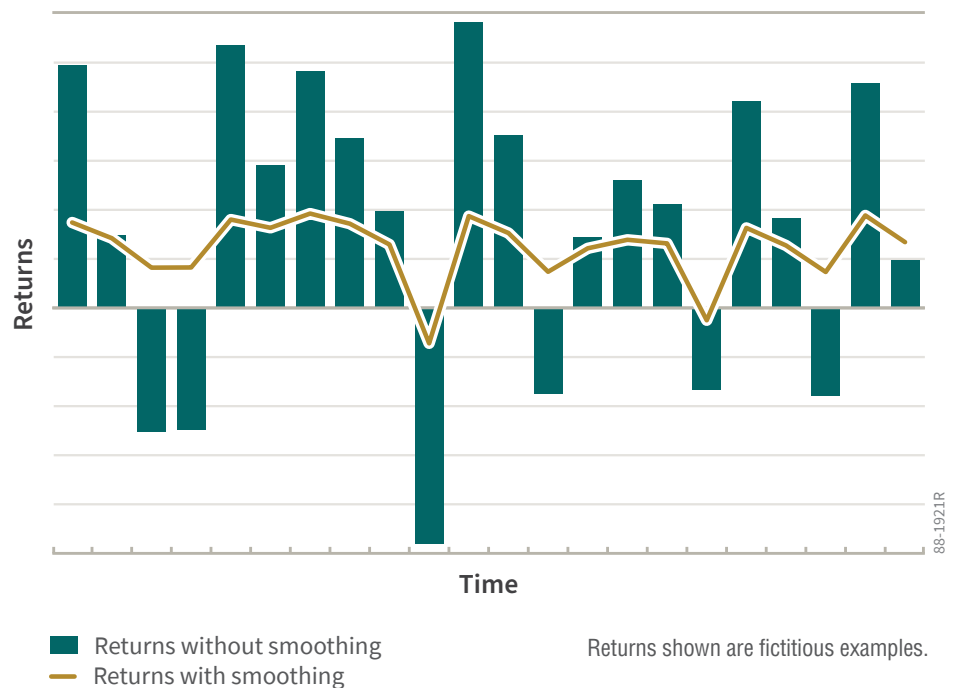
Dividend scale interest rate

The dividend scale interest rate is used to determine the amount of participating policyowner dividends that come from the participating account investments and other investment-related factors.

The dividend scale interest rate:

- ✓ Incorporates the smoothed investment experience of assets backing participating account liabilities for the most recent measurement period
- ✓ Doesn't include the unrealized gains and losses on fixed-income assets
- ✓ Doesn't include the return on assets backing the participating account surplus
- ✓ Includes the smoothed gains and losses from prior periods
- ✓ May change depending on investment experience
- ✓ Reflects other investment-related factors contributing to participating account earnings, for example, policy loans

Smoothing is the process by which gains and losses are brought into the dividend scale interest rate over a period of time. It is primarily used for unrealized gains and losses on non-fixed-income assets.¹



1. Smoothing method could change in the future.

The dividend scale interest rate is only one factor that contributes to an individual policy's performance.

It's used to determine the amount of participating policyowner dividends that come from participating account investments and can't be directly tied to the cash value growth in a particular policy. The actual cash value growth in a policy varies based on a number of factors.

For example:

- Type of product
- Product features
- Premium-paying period
- Issue age
- Rating
- Dividend option
- Dividend scale

Our long-term investment strategy, together with our smoothing approach, helps reduce the impact of short-term volatility on the investment component of participating policyowner dividends.

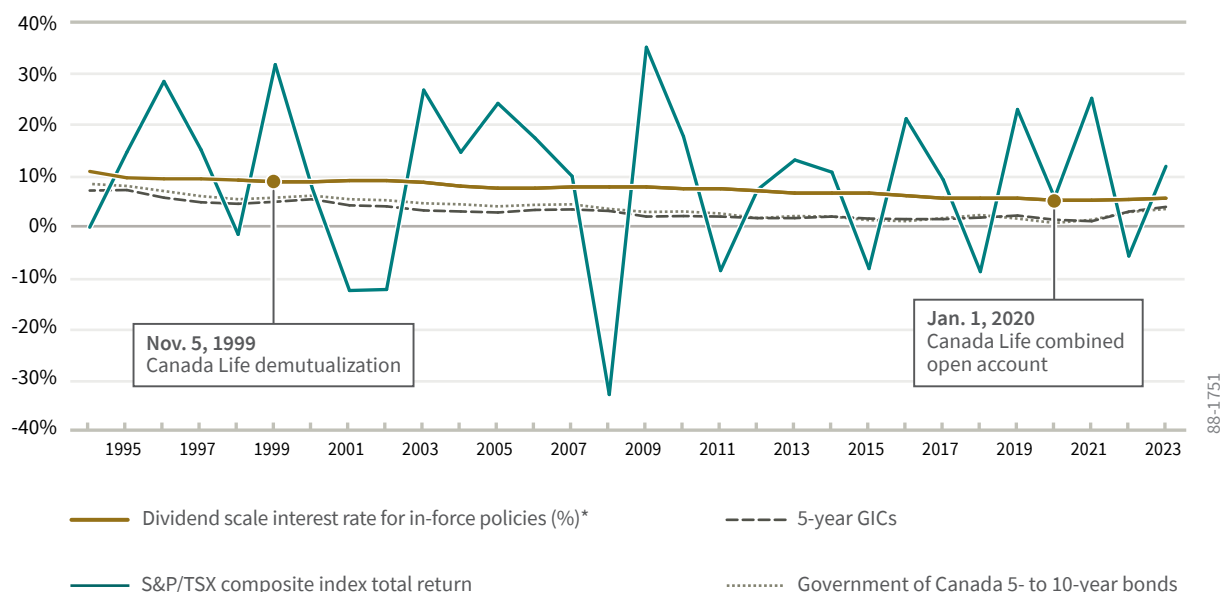
Historical dividend scale interest rate performance

For policies in the Canada Life combined open account issued on or after amalgamation on Jan. 1, 2020 and for policies formerly belonging to the Canada Life open participating account, issued or assumed on or after Nov. 5, 1999.

Stability

Historically, the dividend scale interest rate has remained stable during times of economic change compared to returns on many financial investments.

Returns (at Dec. 31, 2023)



Performance data are provided for illustrative purposes only and represent past performance, which is not indicative of future performance.

Average historical performance (at Dec. 31)

Years	1 (2023)	5 (2019-2023)	10 (2014-2023)	20 (2004-2023)	30 (1994-2023)	60 (1964-2023)	30-year standard deviation (1994-2023)
DSIR for in-force policies (%)*	5.50	5.24	5.62	6.51	7.39	8.68	1.57
S&P/TSX composite index total return (%)	11.75	11.30	7.62	7.79	8.06	9.18	15.57
5-year guaranteed investment certificates (GICs) (%)	3.80	2.20	1.89	2.15	3.10	N/A	1.70
Government of Canada 5- to 10-year bonds (%)	3.38	1.92	1.75	2.46	3.65	6.22	2.08
Consumer price index (%)	3.40	3.48	2.58	2.16	2.05	3.86	1.27

All historical average annual returns are geometric means.

You can get historical reports for policies formerly belonging to all our open participating accounts before amalgamation on Jan. 1, 2020, from your advisor or at canadalife.com.

The dividend scale interest rate is used to calculate the investment component of participating policyowner dividends. It is based on assets backing the participating account liabilities, as well as other investment related factors, such as policy loans. It doesn't include the returns on assets backing the participating account surplus. Performance data is provided for illustrative purposes only. It represents past performance, which is not predictive of future performance.

*The historical dividend scale interest rate uses the DSIRs of:

- Canada Life combined open participating account (2020-2023)
- Policies formerly belonging to the Canada Life open participating account, prior to amalgamation (Jan. 1, 2020)
- Policies issued prior to demutualization (Nov. 5, 1999)

S&P/TSX Composite Index total return includes the reinvestment of dividends. TSX © Copyright 2023 TSX Inc. All rights reserved.

Five-year guaranteed investment certificate (GIC) returns are based on nominal yields to maturity. Source: Statistics Canada, CANSIM table 176-0043, series V122526 (Statistics Canada website), Feb. 6, 2024. For each calendar year, the average of the monthly GIC rates was used.

Government of Canada five- to 10-year bond returns. Source: Statistics Canada, CANSIM table 176-0043, series V122486 (Statistics Canada website), Feb. 6, 2024. For each calendar year, the average of the monthly values was used.

Consumer price index inflation rates are based on the change from December to December. Source: Statistics Canada, CANSIM table 326-0020, series V41690973 (Statistics Canada website), Feb. 6, 2024.

Insurance claims (mortality)

Insurance claims (or mortality experience) are factored in our annual review of participating policyowner dividends. Historically we've seen life expectancy increase. In recent years, these mortality improvements have helped partially offset the effect of lower interest rates. In 2023, participating insurance claims for payouts on death totalled \$804 million.

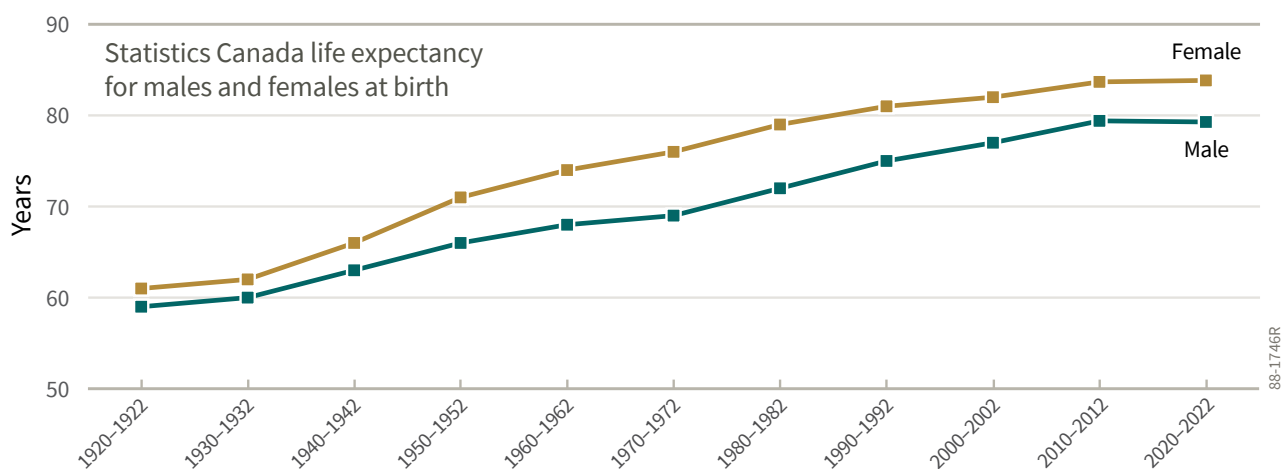
When participating policyowners live longer, insurance claims are paid later than anticipated. More premiums paid and delayed insurance claims may mean more investment income. More investment income may increase the amount available for distribution as participating policyowner dividends.

Factors such as medical advances, lifestyle changes and changes in disease incidence rates make future mortality trends difficult to predict. However, even if mortality improvements slow over time, current mortality levels are still generally better than those used by Canada Life in pricing participating life insurance products.

The protective value of underwriting

These mortality statistics reflect life expectancies for the entire population. On average, individuals who have been underwritten and approved for life insurance have longer life expectancies. People considered higher risk, because of health, lifestyle or occupational concerns, may pay more for life insurance coverage or may be declined coverage.

Canadians have been living longer



Sources :

1920-22 to 1980-82: Statistics Canada, Longevity and Historical Life Tables: 1921-81 (Abridged) Canada and the Provinces. Catalogue no. 89-506.

1990-92 to 2020-2022: [Statistics Canada. Table 13-10-0114-01 Life expectancy](#) and other elements of the complete life table, three-year estimates, Canada, all provinces except Prince Edward Island, catalogue no.84-538.

Policy terminations

Termination of participating policies (other than by a claim being paid) can affect participating account earnings. A termination can happen because a policyowner:

- Cancels their coverage
- Doesn't pay their premiums or make sufficient policy loan payments

If the actual number of policy terminations differs from the assumptions used when we priced the products, this can have a negative or positive effect on the participating account, particularly in the early years. The impact on the participating account varies depending on the product type.

General impact of terminations on the participating account earnings in the early years

	Products with early cash values	Products with delayed cash values
Higher than expected terminations	Negative	Positive
Lower than expected terminations	Positive	Negative

Expenses and taxes

Our expense-management policies focus on controlling expenses for the benefit of participating policyowners and shareholders. Expenses and taxes are allocated to the participating account in accordance with a method that is fair and equitable to participating policyowners, in the opinion of the appointed actuary. Each year, the actuary reviews the method used for allocating expenses and taxes to the participating account and reports to the board of directors on its continuing fairness. The board of directors approves this method after considering the actuary's opinion.

Economies of scale

Canada Life proudly serves approximately 14.3 million customer relationships from coast to coast to coast. We have almost three million individual life insurance policies in force (as at Dec. 31, 2023). This, in addition to having the largest participating account in Canada (more than 1.5 million participating policies), helps us keep participating account management expenses low.



The Canada Life participating account

As the largest open participating account in Canada, the Canada Life participating account can realize economies of scale and capitalize on investment opportunities through partnerships with elite firms and broad internal asset management capabilities. The account's size also helps us diversify and lower risk for stable long-term growth.

Our investment strategy

Participating life insurance is a long-term product. We take a careful approach to our investing, which allows us to honour our commitments to policyowners. We regularly review the participating account investment strategy so we can continue providing stable, long-term returns.

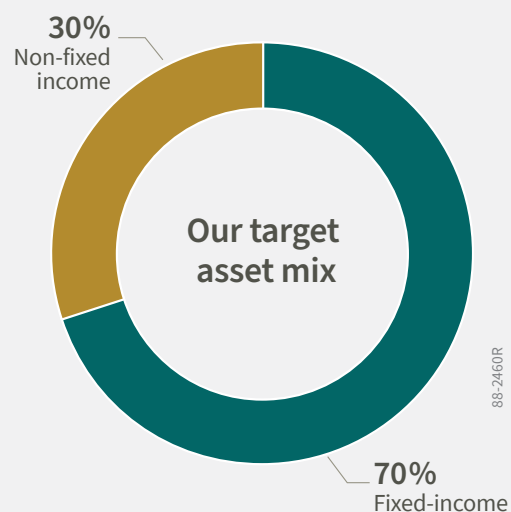
The Canada Life combined open participating account includes assets backing participating account liabilities and assets backing participating account surplus. The assets backing participating account liabilities are broadly diversified and are generally managed as a fixed-income account. Our target asset mix in 2023 for assets backing liabilities remains 70% in fixed-income investments and 30% in non-fixed income investments. The assets backing participating account surplus are primarily invested in fixed-income investments.

A large portion of the open participating account assets is invested in bonds and mortgages to support long-term stable growth and core guarantees within participating life insurance policies.

Our investment strategy helps stabilize the variation in the investment returns. The returns on the assets backing participating account liabilities are used to determine the investment portion of participating policyowner dividends.

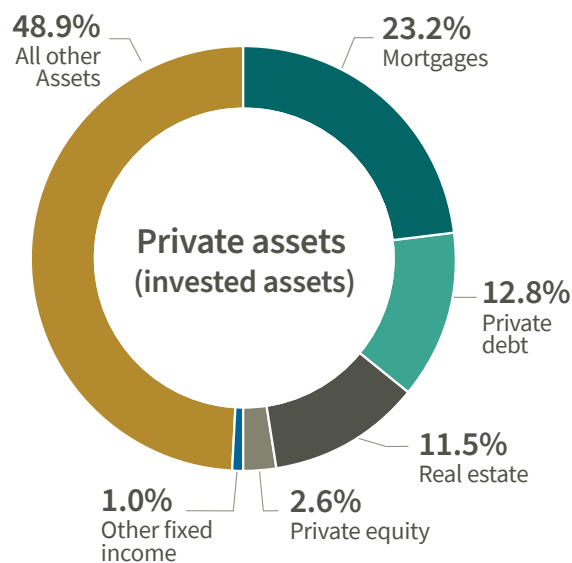
Active management

Each of our asset classes is actively managed by industry-leading asset management firms and our highly-specialized internal teams. These skilled investment professionals work diligently to deliver risk-adjusted performance above their benchmarks.



Private assets

Approximately 51.1 % of the participating account's assets (excluding surplus) are invested in private asset classes, which are generally difficult for retail clients to access. Due to their illiquid nature, these private assets benefit our policyowners by providing potential higher returns compared to public investments.

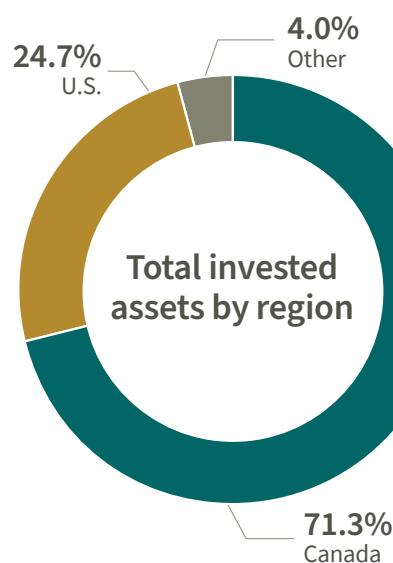


Foreign assets

We're strategically investing more in foreign assets across all asset classes, with a focus on strong and stable jurisdictions.

Foreign assets offer increased diversification to help lower concentration risk while providing access to greater investment opportunities and potential for higher returns.

Our foreign holdings are generally hedged to reduce foreign exchange risk.



As of Dec. 31, 2023

Our relationship with Power Corporation of Canada

Canada Life is part of Power Corporation of Canada's group of companies, along with many industry-leading asset managers. This means the participating account can access a broader range of investment opportunities.

Investing through the skilled asset managers that are part of Power Corporation's group of companies helps to maximize our risk-adjusted return potential. They also help us increase the participating account's foreign content and exposure to alternative investments.

Environmental, social and governance and the participating account

Canada Life's commitment to be a socially responsible company and to make a positive impact in everything we do, extends directly into our investing approach for participating account assets. From public equities and bonds, to private debt, mortgages, and real estate holdings – we're integrating environmental, social and governance (ESG) considerations within each underlying asset class across the account.

- In public bonds, we use a third party global leader in ESG research to integrate ESG considerations into the bond analysis process we conduct for each of our holdings.
- In public equities, our primary asset managers Mackenzie Investments and Putnam Investments are both signatories to the Principles of Responsible Investment (UNPRI).
- In private debt and commercial mortgages, every asset that's acquired or underwritten is evaluated using ESG factors.
 - Within private debt specifically, the participating account also has strong exposure to the renewable energy industry, with power generation representing approximately 27% of the asset mix – the vast majority being hydro, wind and solar power generation.
- In real estate, GWL Realty Advisors is recognized as an industry leader in ESG and sustainability practices, earning a top 20% ESG ranking for 2023 by the GRESB real estate assessment in the global 'Diversified/Non-listed/Core' category (of 311 companies).



Net-zero commitment

As a financial institution, we understand our largest opportunity to address sustainability and climate change stems from the activities we enable through our loans, investments and insurance underwriting. Our commitment to sustainable investing is strong and, with our parent company, Great-West Lifeco, we're putting action behind our words.

- ✓ **In 2021, Great-West Lifeco announced** a commitment to achieve net-zero greenhouse gas emissions by 2050 for both operations and investments. In December 2023, Great-West Lifeco released interim 2030 net-zero targets specific to its general account investments.

Canada Life participating account composition at Dec. 31, 2023 (\$ millions)

Account composition	Asset values (\$)	% of total assets backing liabilities	% of account
Short term			
Cash and equivalents	759.0	1.5	1.7
Fixed-income			
Public bonds			
Government	2,585.5	5.1	9.0
Corporate	10,798.0	21.4	21.4
Subtotal of bonds	13,383.4	26.5	30.4
Private debt	5,933.2	11.7	11.1
Mortgages			
Residential	1,129.0	2.2	2.1
Commercial	9,612.5	19.0	18.0
Subtotal of mortgages	10,741.5	21.2	20.1
Other fixed-income ¹	470.8	0.9	0.9
Total fixed-income	30,528.9	60.4	62.6
Non-fixed income			
Real estate	5,313.4	10.5	10.0
Public equity ²	8,415.9	16.7	15.8
Private equity	1,186.3	2.3	2.2
Total non-fixed income	14,915.7	29.5	27.9
Total invested assets backing liabilities	46,203.5	91.5	92.3
Other non-invested assets³	1,227.2	2.4	1.9
Total participating account assets backing liabilities	47,430.7	93.9	94.2
Policy loans	3,080.2	6.1	5.8
Total assets backing liabilities plus policy loans⁴	50,510.8	100.0	
Assets backing surplus	2,859.0		
Total account	53,369.8		100.0

¹ Other fixed-income includes alternative fixed-income assets such as Equity Release Mortgages (ERMs) and private credit.

² Public Equity includes other invested assets, such as preferred shares.

³ Includes assets such as investment income due and accrued, outstanding premiums (receivables), future income tax and reinsurance assets.

⁴ The assets considered in determining the dividend scale interest rate.

Policy loans and other non-invested assets backing liabilities are classified as fixed-income and considered in the overall target asset mix of 70% fixed income and 30% non-fixed income.

The figures presented in this document are determined in accordance with International Financial Reporting Standards (IFRS), effective Jan 1, 2023. Under the new standards all assets are presented on a mark-to-market basis and policy loans are no longer considered an asset of the participating account but are included in the calculation of the dividend scale interest rate.



Insights into our participating account assets

Fixed-income portfolio

Years to maturity by fixed-income asset type

As at Dec. 31, 2023 for invested assets backing liabilities

Fixed-income asset type	0 to 5 years to maturity (%)	More than 5 years to maturity (%)
Public bonds	48.3	51.7
Private debt	22.2	77.8
Residential mortgages	99.8	0.2
Commercial mortgages	67.7	32.3
Equity release mortgages	0.0	100.0
Total fixed income	50.0	50.0

Each year, about 10% of the total fixed-income portfolio matures and is re-invested at then-current market rates. We also invest a portion of new premiums and investment income at then-current market rates each year.

The asset returns available in the marketplace in January and February 2024 for new participating account investments in bonds and mortgages were about 4.74%. This is approximately 78 basis points above the average return for similar participating account assets maturing throughout 2024.

Mortgages

Commercial mortgages



600+ holdings

Canada Life is a leader in commercial mortgages with more than 60 years of experience in the commercial mortgage lending market. The commercial mortgage team manages risk by focusing on the financial strength of the ultimate borrower, such as private high-net-worth individuals or institutions like pension plans or real estate investment trusts. The participating account benefits from:

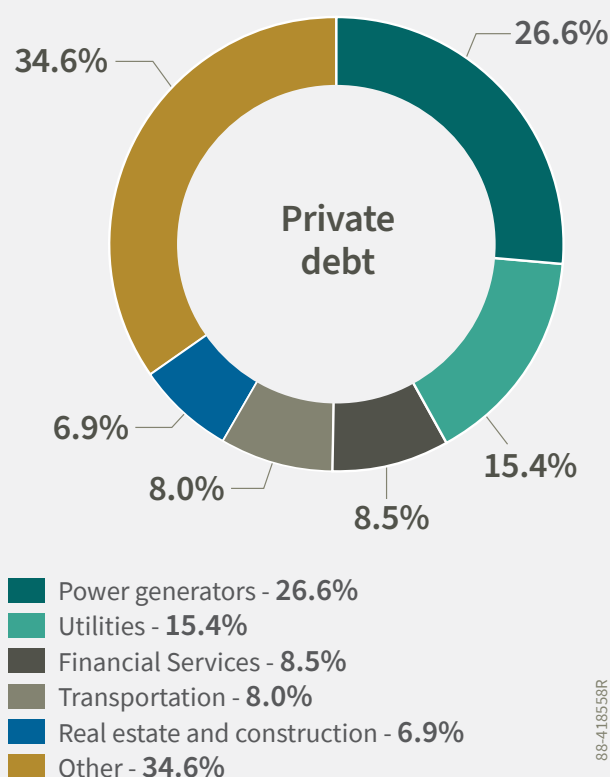
- ✓ **Expert regional teams** – An experienced team manages the portfolio with regional offices in Vancouver, Calgary, Winnipeg, Toronto and Montreal. They understand regional markets and can act quickly on investment opportunities. This allows Canada Life to diversify our holdings across geographies and industries.
- ✓ **Increased return potential** – Commercial mortgage investments often provide higher returns relative to public fixed-income assets, with the trade-off of lower liquidity.
- ✓ **Decreased volatility** – Commercial mortgage investments generally have lower volatility, with a credit risk profile comparable to publicly traded fixed-income assets.¹
- ✓ **A focus on high quality assets** – We hold an investment grade commercial mortgage portfolio. Our commercial mortgage portfolio risk rating has maintained an equivalent bond rating of BBB+ or better over the last five years.¹ There are no loan arrears or borrower requests for loan concessions and the last material default on our commercial mortgages was more than 20 years ago.

1. Commercial mortgages are internally rated.

Private debt

Private debt is a fixed-income investment made through private agreements with borrowers.

All private debt goes through a disciplined credit process. A global investment management team that specializes in private debt research, underwrites and actively manages each private debt investment.



As of Dec. 31, 2023.

Public bonds

All public bonds purchased for Canada Life's participating account are investment grade. This means they're rated BBB or higher, which is an investment industry measure of bond quality. We consider the current investment environment when managing the risk and return spreads among AAA, AA, A and BBB rated bonds to determine if the risk/return trade-off makes sense and supports the participating account objectives. We continue to seek opportunities to improve yields, while maintaining a strong focus on high credit quality, investment grade assets that provide stability to the portfolio.

Asset quality

(at Dec. 31, 2023, for invested assets backing liabilities)

Rating	Private debt (%)	Public bonds (%)
AAA	0.0	14.1
AA	4.8	20.8
A	27.4	30.2
BBB	67.3	34.8
BB or less	0.5	0.0
Total	100	100

Private debt is internally rated.

Non-fixed-income portfolio

Non-fixed income

Target mix



As of Dec. 31, 2023

88-2458R-B

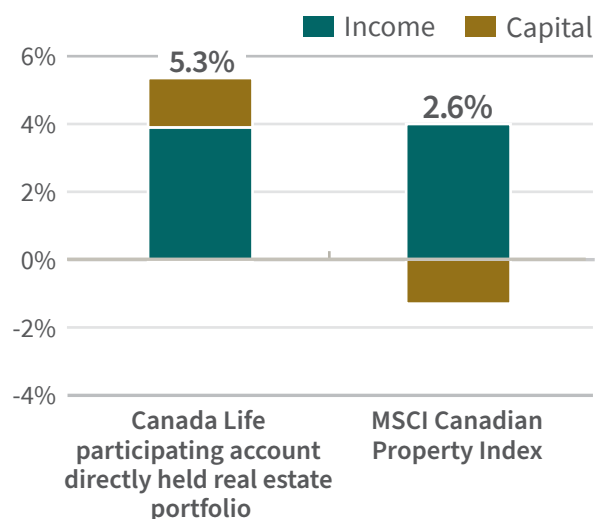
Real estate

Real estate is a unique asset class offering stable long-term cash flow and protection against inflation. These features make real estate a great fit for a long-term product like participating life insurance.

Our real estate allocation target is 12%, with a mix of 75% Canadian and 25% U.S. real estate. These assets are managed by GWL Realty Advisors in Canada and Sagard Real Estate in the U.S., both vertically-integrated real estate platforms focused on high-conviction strategies with the complementary use of development. This approach has enabled the Canada Life participating account direct real estate holdings to deliver strong performance relative to the MSCI Canadian Property index over the long term.

Direct real estate performance relative to the MSCI Canadian Property Index

Five-year historical average total returns (at Dec. 31, 2023)



88-2465R

In the United States, Sagard Real Estate brings a deep understanding of the American real estate market and enhances portfolio diversification through high-quality investment opportunities in more industries and geographic areas.

Example of our recent real estate investments:



185 Enfield Place
Mississauga, ON
(Photo courtesy of GWL Realty Advisors)

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 Canada Life participating account 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.

Public equity

Our strategic partnerships with Mackenzie Investments and Putnam Investments gives us access to unique opportunities and active investment management capabilities. Mackenzie Investments is a top Canadian investment manager with \$196 billion in assets under management as of Dec. 31, 2023. Putnam Investments, now part of Franklin Templeton, is a global asset manager with US \$178 billion in assets under management as of Dec 31, 2023.

The variety of investment options offered through our partnerships with both asset managers helps diversify our participating account holdings across different investment styles, geographies, industries and capitalization sizes.

Public equity holdings by geography



Private equity

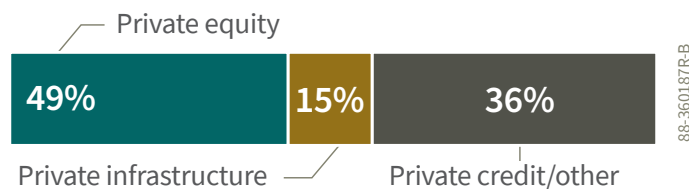
Our private equity position diversifies our portfolio and can provide higher returns. Any future investments will leverage our global investment program with the goal of achieving our target of 4%.

Private equity holdings have a low correlation with other asset classes we invest in, which helps reduce the overall risk for our portfolio.

As an industry leader, Canada Life's participating account invests through some of the world's top private equity managers. In Canada, this includes Northleaf, Sagard and Power Sustainable. These Canadian private market firms offer our participating policyowners access to a wide range of investment opportunities, including private equity, private credit and infrastructure equity.

As of year-end 2023, the participating account has committed over \$2.9 billion through our partner firms across a range of private capital strategies.

Participating account private equity commitments



As of Dec. 31, 2023.



Participating account return

The participating account return is calculated for the calendar year on a mark-to-market basis for the assets that back both liabilities and surplus after investment expenses are deducted.

In 2023, investment expenses were 12.5 basis points for the Canada Life combined open participating account. Investment expenses may vary every year due to changes in the asset mix of the total participating account, economies of scale and other factors.

The participating account return

is calculated on a mark-to-market basis consistent with updated regulatory guidelines. Mark-to-market returns are based on current market values at the end of the period which includes unrealized gains/losses on all assets.

Participating account and index returns (at Dec. 31, 2023)

Participating account and index returns 2023

	Canada Life participating account including surplus ¹	6.8%
	S&P/TSX Composite Index total return ²	11.8%
	FTSE Canada Universe Bond Index total return ^{3,4}	6.7%

Participating account returns across competitors shouldn't be assumed to be comparable. There could be differences such as calculation methodologies, inclusion of certain assets and other factors.

1. The participating account return is reported for the calendar year Jan. 1 to Dec. 31 on the assets for the open and closed Canada Life blocks that back the participating account liabilities and surplus, after investment expenses are deducted. It does not include policy loans.
2. S&P/TSX Composite Index total return includes the reinvestment of dividends. TSX © Copyright 2024 TSX Inc. All rights reserved.
3. London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®", "FTSE Russell®" are trademarks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights reserved.
4. The FTSE Canadian Universe Bond Index measures the total return of Canadian investment grade government and corporate bonds. The calculation of this index return is consistent with the participating account's one-year return, in that it takes into account both interest received and realized/unrealized gains and losses.



The participating account return shouldn't be used as an indicator or measure for the dividend scale interest rate, given:

- The dividend scale interest rate employs smoothing to reduce the impact of short-term volatility of the investment experience in the investment component of participating policyowner dividends.
- The dividend scale interest rate doesn't include the unrealized gains and losses on fixed-income assets.
- The dividend scale interest rate is based on assets backing participating account liabilities. It doesn't include the return on assets backing the participating account surplus.
- The dividend scale interest rate includes income from policy loans, whereas the participating account return doesn't.

For these reasons, the participating account return shouldn't be used as an indicator for the dividend scale interest rate.

The participating account return has been calculated in accordance with the IFRS accounting standards applicable to life insurance companies that came into effect on Jan. 1, 2023, on a mark-to-market basis using current market values without smoothing.



Accountability

Canada Life is a shareholder-owned company and, as such, is required to maintain the participating account and its earnings separately from the shareholder account.

Canada Life is regulated federally under the Insurance Companies Act (ICA) of Canada and by the Office of the Superintendent of Financial Institutions (OSFI) and under the relevant insurance legislation of each province as administered by the relevant provincial insurance regulatory authority.

Insurance Companies Act (ICA) provisions and references

Subject to the ICA, the directors of a company must manage or supervise the management of the company's business affairs. This includes establishing and maintaining a policy for dividends to be distributed to participating policyowners, as well as a policy for managing the participating accounts. The ICA outlines the duties required of directors and the reporting requirements regarding the use of fair and equitable actuarial practices.

1. Investment income and expenses are to be allocated to the participating account in accordance with a method that is fair and equitable to participating policyowners, in the opinion of the company's actuary. Once the board of directors approves this method, it is sent to OSFI (sections 457-460).
2. The board of directors is required to establish and maintain a policy for determining the dividends to be distributed to participating policyowners and to send a copy to OSFI (section 165 (2) (e)).
3. The board of directors is required to establish and maintain a policy for managing the participating account and to send a copy to OSFI (section 165 (2) (e.1)).
4. At least annually, the company's actuary must review the participating policyholder dividend policy. The company's actuary must provide a written report to the board of directors on the policy's continuing fairness to participating policyowners (section 165 – Report of the Actuary).
5. Before the board of directors declares participating policyowner dividends, the company's actuary must provide his or her opinion to the board on the fairness to participating policyowners of the proposed policyowner dividends and on the company's compliance with its policyholder dividend policy (section 464 (2)).
6. The ICA limits the amount that may be distributed to the shareholder account from any annual distribution of the profits of the participating account for a financial year (section 461). This annual limit is set as a maximum percentage of the amount determined by the board of directors to be distributed from the profits of the participating account for that financial year. This total amount to be distributed is divided between the shareholders and participating policyowners. The maximum percentage of the total distribution that can be distributed to the shareholder account depends on the size of the participating account. The maximum percentage decreases from 10%, for a small participating account, to just over 2.5% as the size of the participating account increases. Canada Life's distribution of the profits to the shareholders was 2.5%. In 2023, this distribution to the shareholder account was \$43 million.
7. Participating policyowners and shareholders are entitled to receive notice to attend the annual meeting of policyowners and shareholders. They are entitled to receive copies of documents, for example, the annual statement. They also have voting rights (sections 331 and 334).



Need more information?

You can find out more about participating life insurance and Canada Life's other products and services by calling your advisor. Each year, participating policyowners receive an annual statement near their policy's anniversary that provides an update on the current status of their policy.



Visit canadalife.com/contact-us
or call **1-888-252-1847** if you have
questions about a specific policy.

Your policy contains important definitions of certain terms used in this guide. You should keep this guide with your Canada Life policy illustration and participating life insurance policy contract.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.

You can obtain copies of our participating account management and participating policyholder dividend policies at canadalife.com/insurance/life-insurance/permanent-life-insurance/participating-insurance.



Looking for our historical performance?

You can get historical performance reports for policies formerly belonging to our open participating accounts before amalgamation on Jan. 1, 2020, from your advisor or at canadalife.com.

Canada Life is a member of Assuris, which administers the Consumer Protection Plan for policyowners of member companies.

Canada Life is a subsidiary of Great-West Lifeco Inc., and a member of the Power Corporation group of companies. Founded in 1847, Canada Life is the country's first domestic life insurance company.



Talk to your advisor

Your advisor can help answer
any questions you have about
Financial facts or the Canada Life
participating account.

- Size
- Experience
- Expertise
- Integrity
- Performance



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