

CI Balanced Income segregated fund



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General information

1. What's happening?

Canada Life strives to deliver the best possible outcomes for you and your clients through continuous improvements to our fund shelf. Our Investment Manager Research (IMR) team's rigorous fund governance process has identified organizational changes to CI's overall business model, portfolio management teams and leadership changes at the firm level. These changes could impact the management of funds CI currently sub-advises for Canada Life. Given the materiality and broad scope of these changes, Canada Life is discontinuing the sub-advisory relationship with CI. As a result of this decision, CI Global Asset Management will no longer manage any of the underlying funds for the CI Balanced Income Fund. Going forward, the portfolio will be a fully passive solution using Mackenzie ETFs as the underlying building blocks to give you and your clients a solution that continues to meet the fund's investment objective.

While the underlying funds within the portfolio are changing, the asset class exposures and weights will remain substantially similar. Portfolio Solutions Group (PSG) will continue to remain as sub-advisor of the fund overseeing this strategic asset mix and selection of underlying funds.

2. What are the key dates associated with the changes to the funds?

Segregated funds

| | Date |
|---------------------------------------|--------------------------|
| Segregated fund change effective date | On or about May 27, 2022 |
| Client statements | June 30, 2022 |

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3. What funds are changing?

Segregated funds

| Shelf | | | Current fund | Current PM team | Current status | New fund | New PM team(s) | New status |
|-------|----|-----|--------------------|-----------------|----------------|-----------------|----------------|------------|
| CL | LL | GWL | | | | | | |
| • | | | CI Balanced Income | PSG | Soft cap | Balanced Income | PSG | Soft cap |
| | • | • | CI Balanced Income | PSG | Active | Balanced Income | PSG | Soft cap |

CL = Canada Life, LL = London Life, GWL = GWL

Note: On Jan. 1, 2020, the segregated funds originally with Great-West Life and London Life were closed to new policies.

| | Change? | Details |
|---|---------|---|
| Investment objective | No | |
| Risk rating | No | Low to moderate |
| Canadian Investment Funds Standards Committee (CIFSC) category | No | Canadian Neutral Balanced |
| Asset mix target | No | 55% Equities, 45% Fixed income |
| Underlying funds | Yes | Mackenzie ETFs |
| Investment management fees (IMFs) | Yes | <u>IMFs</u> will be reduced to reflect ETFs' cost-efficient pricing |

4. What isn't changing?

There are no changes to the investment objectives, risk ratings, CIFSC category, or fund codes for these funds.

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5. Who is Portfolio Solutions Group (PSG)?

Portfolio Solutions Group is a division of Canada Life Investment Management Ltd. It's the portfolio management team responsible for the management and oversight of Canada Life's target date, target risk and other specialty asset allocation funds. PSG manages approximately \$32.3 billion in fund-of-fund assets as of Dec. 31, 2021.

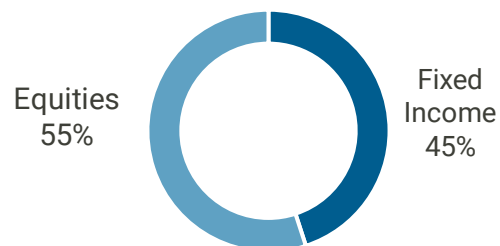
PSG has more than 20 years of investment management experience, including more than 10 years designing and managing multi-asset solutions aimed at helping investors meet specific investment objectives, whether that is based on risk tolerance, time horizon or both.

As experts in multi-asset investing, PSG recognizes that global markets are interconnected and that the impact of new information or market events can ripple through multiple asset classes. Successfully navigating this complexity requires a team-based approach. That's why PSG fosters teamwork and collaboration with the Mackenzie Global Investment Committee (MGIC) around economic and market views, diverse investment perspectives and creative debate with specialists in distinct asset classes. They also leverage insights from the Canada Life Investment Manager Research team to ensure they're choosing best-in-class portfolio managers to look after the underlying funds within each target risk asset allocation fund.

6. What is the fund's new investment strategy?

While the underlying funds within the portfolio are changing, the asset class exposures and weights will remain substantially similar. The portfolio adheres to a strategic target asset allocation to help meet a low/moderate risk profile through broad market exposure across both fixed income and equities using several Mackenzie ETFs as underlying building blocks. These ETFs provide efficient, diversified exposure to Canadian, U.S., International Equities, and Canadian Fixed Income.

Asset mix targets



Regional targets - equities



Regional targets - fixed income



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7. What is the target fund weight breakdown?

| Underlying fund | Target weight % |
|---|-----------------|
| Mackenzie Canadian Aggregate Bond Index ETF (QBB) | 45.0% |
| Mackenzie Canadian Large Cap Equity Index ETF (QCE) | 33.0% |
| Mackenzie US Large Cap Equity Index ETF (QUU) | 13.8% |
| Mackenzie International Equity Index ETF (QDX) | 8.2% |
| Total | 100.0% |

Client impacts

8. How can I get a list of my clients that are impacted by these changes?

Advisor Solutions advisors

Please contact your aligned **client service specialist**.

Advanced Advisor Practices, MGA and National Account advisors

Please email wealthcommunication@canadalife.com and include your:

- Name and Advisor code
- Indicate that you are seeking your clients who hold the CI Balanced Income fund
- It will take approximately **3 to 5 business days** to receive a client impact list

Please note:

- For current market value information and client details, please login to the appropriate systems available to you. Client impact lists are created at a point in time and are intended to provide you with key client information only (for example, client name, account type, etc.).
- If you have questions about why Canada Life is making these changes and what they mean for you and your clients, please reach out to your Canada Life wealth wholesaler. This mailbox is **only** equipped to reply to queries for client impact lists.

9. Will my clients be notified about these changes? If so, where can I find a copy of the communication?

Clients with segregated fund policies will receive a notification in their Q2 statement.

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10. Will my clients see the change on their statement? When?

Yes, your client will see the fund name change on their Q2 2022 statement which will be mailed in July 2022.

11. What are the tax impacts for investors in these funds?

The tax impacts for investors are:

- All assets in the portfolio will be turning over to ETFs sub-advised by Mackenzie Investments
- If the fund is held in a registered policy, there are no tax consequences associated with the change in the investment objective.
- If the fund is held in a non-registered policy, any capital gains or losses resulting from the change in investment objective will be reflected in the client's 2022 T3 tax slip.

12. What if my client wants to switch or redeem to a different fund?

If your client isn't comfortable with the fund change, here are the options available:

- Your client can redeem their units of the impacted fund and/or switch to another fund within their existing policy.
- Redemptions or switches are dispositions for tax purposes that may create a capital gain or loss in non-registered policies. There are no tax implications to transferring the value between or switching your units in registered policies. However, redeeming units from a registered policy, other than a tax-free savings account (TFSA), will result in taxable income.
- Making a redemption can affect segregated funds policy guarantees. Please refer to the [information folder](#) for more information.

13. Will clients need to pay any charges or fees because of this transition?

No. There won't be any charges or fees when the existing funds transition to the new investment mandates.

Fund impacts

14. Will the performance history of the funds change?

No, the performance history will not change.

15. Will the investment management fees (IMFs) be the same?

As part of this shift in investment mandates, the IMFs for certain funds will be reduced. Please see the [IMF Document](#) for a complete list of changes.

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16. What will happen to automatic transactions set up on impacted funds, such as automatic payments/withdrawals/PAC/switches?

All automatic transactions will continue on the day of the transition. No new forms are required unless the client wishes to change the service/fund allocation.

17. Will there be new fund codes?

No. The fund codes stay the same.

18. Will the risk ratings or Canadian Investment Funds Standards Committee (CIFSC) categories change?

No, the risk ratings and CIFSC categories will stay the same.

19. Will there be any changes to lifetime income benefit (LIB) or estate protection (EP)?

Any existing policies holding these funds will maintain their LIB and EP status.

The funds are available through a segregated funds policy issued by The Canada Life Assurance Company. Make your investment decisions wisely. A description of the key features of the segregated fund policy is contained in the information folder. Any amount allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.