



# Canada Life Mutual Funds

## Advisor product guide

Information accurate as of February 2022.



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# Why Canada Life Mutual Funds?

## Professionally managed, competitive and full of opportunity

Canada Life has a strong mutual fund offering that's in line with our segregated fund shelf, making it easier for you to do business with us.

Our mutual fund shelf is also competitive, which gives you the right solutions to meet your clients' needs. You want the best for your clients and we want to give you the tools to help them achieve their financial goals.

At Canada Life, we're committed to helping improve the financial, physical and mental well-being of Canadians, so you can reach your potential, every day. We've brought that same commitment to our mutual fund offering – we developed the Canada Life mutual fund shelf with your clients in mind.





## Three key areas of focus

### 1 | Relevant

We keep our finger on the pulse of what's happening in the industry—so clients can be sure that when they invest with Canada Life, they're investing in relevant and competitive mutual funds that will truly complement their portfolio.

### 2 | Competitive

Experts provide experience and insight that can truly set our funds apart. That's why we bring in professional portfolio managers to manage our mutual funds—so clients can be confident that knowledgeable, experienced professionals are looking out for their money when investing in Canada Life Mutual Funds.

### 3 | Positioned to win

We understand that financial goals are unique to each client. That's why we offer a range of mutual funds that have a track record of success, no matter which asset class, sector, region or types of holdings they invest in. This allows clients to capture the opportunities that come with flexibility and diversification, without having to buy lots of individual stock and bonds—or take on the risk that comes with them.



## A new & competitive mutual fund shelf

We've streamlined our wealth offering to make doing business with us easier. Increasing cohesion between the shelves provides clarity of our wealth product offering.

- **Increasing the overlap** between the mutual fund and segregated fund shelf from 65% to more than 90% means you can now build a portfolio from the competitive wealth shelf, then determine if the segregated or mutual fund product is most appropriate after talking with your client. You can apply the same weighting and funds to either product.
- **Better alignment** of the mutual fund and segregated fund shelf also creates consistency and efficiencies in your business. It's now easier to build portfolios and easier for new associates to learn one shelf so your staff can enter trades simply.
- **Better diversification** opportunities for clients. The shelf is designed to be well diversified and perform throughout a full market cycle.
- **Competitive funds** means clients have access to funds that truly complement their portfolios and are in line with industry trends. Clients can be confident in their investment choices for today and for the future.
- **Ongoing evaluation.** Our work doesn't stop here. We're committed to continually evaluating and enhancing our mutual fund offering.

## Your opportunity with Canada Life Mutual Funds

We understand that all clients' financial goals are unique. That's why Canada Life Mutual Funds offer a range of mutual funds that invest in different asset classes, sectors and regions. This allows you to capture the opportunities that come with this diversification, without having to buy individual stocks and bonds—or take on the risk that comes with them.

Each asset class is expected to reflect different risk and return investment characteristics and perform differently in any given market environment.



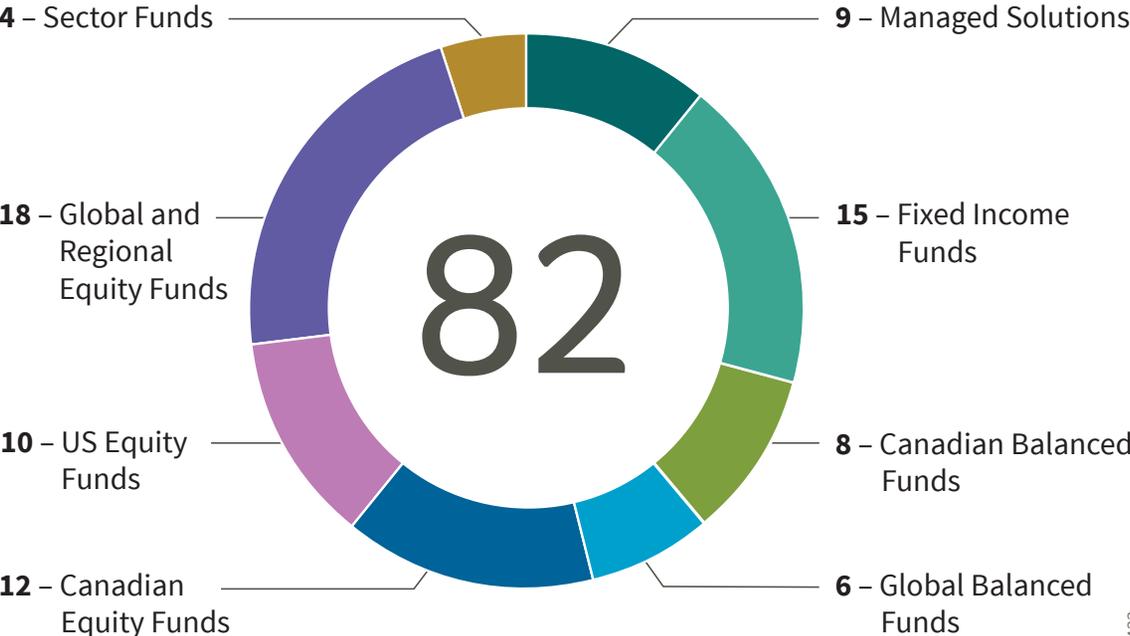
### Asset categories included in Canada Life Mutual Funds:

- Managed Solutions
- Fixed Income Funds
- Canadian Balanced Funds
- Global Balanced Funds
- Canadian Equity Funds
- U.S. Equity Funds
- Global and Regional Equity Funds
- Sector funds



# Canada Life Mutual Funds breakdown by investment strategy

The Canada Life mutual fund shelf will have a broad selection of investment strategies to choose from to help construct well diversified portfolios, as well as a broad selection of sophisticated asset allocation and balanced strategies.



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The Investment Manager Research (IMR) team is responsible for monitoring, selecting and removing managers from the wealth shelf. To learn more about the IMR process, see the [IMR page](#).

To learn more about Pathways Mutual funds, see the [Pathways advisor guide](#).

## What are your clients concerned about?

Listening to your clients' concerns is just one part of the job. Having an answer for them that will solve their problems is why they come to you. Here are some common questions you'll hear and how you can help.

| Scenario  | Answer  |
|---|---|
| <p>Your client is looking to start investing, saving and growing their wealth.</p>  | <p><b>Benefit: You can start investing with Canada Life Mutual Funds with as little as \$25</b><br/>           Mutual funds don't cost much when starting to invest and have a low pre-authorized chequing (PAC) minimum. Your client can invest as little as \$25 per fund to start.</p>   |
| <p>Your client wants to invest and grow their wealth but is concerned about losing money to downturns in the market.</p>                                  | <p><b>Benefit: Mutual funds provide diversification</b><br/>           Mutual funds can reduce risk by spreading assets among various asset classes, geographic regions or industrial sectors. A down market in a specific asset class, region or sector may be balanced by strong performance in another. This ability to diversify across many investments with the purchase of a single fund is one of the main reasons mutual funds are so popular.</p> |
| <p>Your client is planning for future post-secondary education/training for their children.</p>   | <p><b>Benefit: Canada Life Mutual Funds can be used in a Registered Education Savings Plan (RESP)</b><br/>           Mutual funds are a popular savings vehicle for clients. RESPs offer tax deferred growth with the opportunity of government grants and bonds. Money grows in after-tax dollars. Investment growth is not taxed.</p>   |
| <p>Your client is looking for an investment vehicle that can be used for short- or long-term goals that is tax sheltered and tax free when withdrawn.</p> | <p><b>Benefit: Mutual funds can be used in a Tax Free Savings Account (TFSA)</b><br/>           Canada Life Mutual Funds can be used as investments within a TFSA. TFSAs are flexible and the money isn't taxable when it's withdrawn. This makes them ideal for both short- and long-term goals.</p>   |
| <p>Your client is looking for tax efficient income to provide cash flow or to pay for other insurance products.</p>                                       | <p><b>Benefit: Canada Life Mutual Funds offer distribution series</b><br/>           Distribution series mutual funds may offer clients tax efficient income and monthly cash flow options. These are offered in the following series: T5, T8, QF5, QFW5, F5, F8, FW5, FW8, W5, W8, N5, N8.<br/><br/> <i>Distribution series funds are only available for non-registered accounts and are not offered on segregated funds.</i></p>                          |

| Scenario   | Answer  |
|--|---|
| <p>Your client has multiple financial goals they want to achieve.</p>                                  | <p><b>Benefit: Mutual funds have several different mandates</b></p> <p>Mutual funds can be used to meet a variety of financial goals. For example:</p> <ul style="list-style-type: none"> <li>• A young investor with a stable income and many years to invest may invest in an equity fund which allows for more risk to achieve greater potential return.</li> <li>• A mid-career investor trying to balance risk and return more moderately could invest in a balanced mutual fund with a mix of stocks and bonds.</li> <li>• An investor approaching retirement might be less comfortable with risk and more interested in fixed income investments.</li> </ul>   |
| <p>Your client is fee-conscious.</p>   | <p><b>Benefit: Mutual funds must disclose advisor compensation on statements</b></p> <p>Mutual fund representatives must disclose fees and dealer compensation, an excellent way to build trust with a client.</p> <p>We offer different types of fee structures (bundled or unbundled) to meet client and advisor needs:</p> <p><b>Bundled:</b> fees are included in the Management Expense Ratio (MER) – these fees are charged by the fund before the net asset value is calculated. Investment management fees (which include commissions) and administration fees are paid by the fund directly. Clients don't redeem units to pay any of the fees.</p> <p><b>Unbundled:</b> some fees are not included in the MER – these fees are directly payable by the client through a redemption of units. Investment management fees, administration fees, negotiable advisor service fees and Management and Administration fees (MAS) are charged for your advice and services and are paid by redeeming units. In some series, only the advisor service fee or negotiable MAS fee are charged separately. These fees paid directly are shown as transactions on a client statement.<sup>1</sup></p> |
| <p>You're not a stock picker. You're building portfolios to help your clients achieve their goals.</p> | <p><b>Benefit: Professional management</b></p> <p>Mutual funds are managed by professional portfolio managers who are responsible for buying the securities within the mutual fund. They ensure that the securities they buy and the asset classes they invest in are in line with the fund's investment objective—and your client's.</p>   |

**Did you know?**

You can offer your clients an automatic rebalancing service (RB) and the systematic transfer and exchange program (STEP) on Canada Life Mutual Funds.



[Find more information on Process Navigator.](#)

<sup>1</sup>To the extent that fees are collected by redemption of units or shares, clients will realize capital gains or losses in non-registered accounts.

The deductibility of fees paid outside the fund, for income tax purposes, will depend on the exact nature of the services provided to the client and the type of investment held. Fees relating to services provided to registered accounts are not deductible, regardless of whether such fees were charged to the registered account. Clients should consult with their professional tax advisor regarding the deductibility of unbundled fees paid for non-registered accounts.

## Distributions with mutual funds

Mutual funds can re-invest earnings or pay out a distribution. By default, our mutual funds re-invest the distribution by purchasing more units of the funds (registered and non-registered). If your client is saving for the future, they may prefer the re-investment option. But if your client wants income, you may want to have the distributions paid out to your client (non-registered only, distributions will vary).

**Distribution series funds (non-registered only, mutual fund trusts)** give clients potentially tax deferred monthly cash flow without sacrificing the growth potential of the investment. Canada Life Mutual Funds have multiple series of funds that pay out a regular 5% or 8% cash flow to clients (T5, T8, QF5, QFW5, F5, F8, FW5, FW8, W5, W8, N5, N8). Only the investment growth is taxable.



- Distribution-style mutual funds offer investors an easy way to transition from investing for long-term growth to drawing regular, tax-efficient cash flow.
- In today's low-yield environment, many investors are looking for investments that provide tax-efficient cash flow.
  - For example: distribution series units allow investors to draw on their investments for 5% (Series T5) or 8% (Series T8) annually\* with distributions paid monthly.

\*Payouts may be adjusted as market conditions require; they are not guaranteed.



[Find more information on Process Navigator.](#)

# When distribution series funds are suitable for your clients

Distribution series funds are most suited to investors who are:



- Retired and ready to draw down from their non-registered investments



- Looking for regular, tax-efficient cash flow



- Expecting to be in a lower tax bracket in the future



- Looking for supplemental cash-flow because they're worried that government benefits (Old Age Security, Canada Pension Plan) may be reduced

## Customizing a portfolio

For many clients, choosing either the 5% or 8% distribution rate will meet their needs. The distribution from the series chosen will match the monthly cash flow needed based on the capital invested.

However, in some cases, the required cash flow may be different than the distribution. This may happen if the amount of income required is:

- **Less than 5%:** If your client's income requirement is less than 5% of capital, such as \$10,000 per year from \$400,000, allocating all the capital to either the 5% or 8% T series funds will result in excess income. In this case, allocate a portion of the capital to the 5% T series funds to generate the income required and invest the balance of capital in the A series.

- Over time, if the income generated by the 5% T series fund fluctuates above or below the client's need, you can switch units from A series to T series and back again, to reduce or increase the amount of cash flow being generated. Staying in the same fund when switching between A series and T series means the switch does not immediately trigger capital gains or losses, producing a tax-effective way of maintaining the correct amount of tax-efficient cash flow.
- **Between 5% and 8%:** Now assume your client requires \$24,000 per year from the \$400,000 portfolio. This represents 6% of starting assets.
- By using 5% and 8% T series funds together, you can create the right amount of cash flow for the client's needs. In this case, allocate \$133,333 to 8% T series funds and \$266,667 to 5% T series.

## Nominee and client-name accounts with Canada Life Mutual Funds:

You can sell most of the Canada Life Mutual Fund series in either a client-held account or nominee (self-directed accounts). There is one series, F series, that can only be sold client-name including F, F5, F8, FW, FW5 and FW8.

### What's the difference between client-held and nominee?

- **Client-name (client-held):** This type of account has all the funds for one company in a single account. Clients receive individual statements from each fund company plus one consolidated statement from Quadrus Investment Services Ltd. They also receive tax slips from each fund company separately. If you have a client taking a RRIF/LIF/LRIF and has several client-name accounts, they will have separate payments coming from each mutual fund company.
- **Nominee (self-directed accounts):** You may come across clients who want to do business with you and they have mutual funds with other companies that they wish to continue to invest in. You can be the advisor of record on those funds. However, they may prefer to hold them all together under one contract along with any new Canada Life Mutual Funds you sell.
  - The benefit of this for the client is: consolidated statements, tax receipts, and combined RRIF/LIF/LRIF payments. You may wish to sell them this type of account even if they're just investing into Canada Life Mutual Funds. In addition, our nominee account doesn't charge an annual administration fee like many of our competitors for the extra administration this account offers.



# Canada Life Mutual Funds product features

Get to know the features and details of setting up an account with Canada Life Mutual Funds.

| Feature                         | Details  |
|---------------------------------|--|
| <b>Minimum initial purchase</b> | <p>RRSP/spousal RRSP/non-registered/TFSA</p> <ul style="list-style-type: none"> <li>• \$500 minimum or</li> <li>• PAC minimum: \$25 per mutual fund</li> </ul> <p>LIRA/locked-in RRSP/RLSP</p> <ul style="list-style-type: none"> <li>• \$500 minimum</li> <li>• \$25 per mutual fund</li> </ul> <p>RRIF/spousal RRIF/PRIF/LIF/LRIF/RLIF</p> <ul style="list-style-type: none"> <li>• \$10,000 minimum (no minimum for intact transfers from above registered savings policies)</li> <li>• \$25 per mutual fund</li> </ul> <p>For more details on minimum investments, <a href="#">review our series guide</a></p> |
| <b>Mutual fund load options</b> | <ul style="list-style-type: none"> <li>• Front-end load (FEL)</li> <li>• Low Load purchase option (LSC)</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• Multiple mutual fund load options can be held under one account.</li> <li>• Unique fund codes exist to differentiate between the available load options.</li> </ul>  |

| Feature                                 | Details   |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
|---|---|-----------------------|------------|------|----------------|------------------|-----|------------------------------|-----|-------------------------------|-----|------------|-----|
| <b>Mutual fund sales charge options</b> | <p><b>Front-end load option (FEL)</b> also known as the <b>Sales Charge Purchase option</b></p> <p>This is negotiated between you and the account owner. The front-end load is deducted from the deposit before it's invested. You may charge up to 5% for A, T5, T8 and RB. You may charge up to 2% for W series, W5 series, W8 series, N series, N5 and N8 series.</p> <ul style="list-style-type: none"> <li>FEL is not available on F series, F5 series, F8 series, FW series, FW5 series, FW8 series, QF series, QF5 series, QFW series and QFW5 series. The trend in the industry is to charge a 0% FEL fee.</li> </ul> <p>If you charge a FEL fee you will receive a portion of the negotiated front-end load fee. You'll also receive service fees.</p> <p><b>Low-load Sales Charge (LSC)</b> also known as the <b>Low-load purchase option</b></p> <p>This option has a reduced redemption schedule which ends after three years.</p> <ul style="list-style-type: none"> <li>The LSC option is available on the A, T5, T8, RB, W, W5 and W8.</li> <li>LSC is not available on F, F5, F8, FW, FW5, FW8, QF, QF5, QFW, QFW5, N, N5 and N8.</li> </ul> <p>It also provides an up-front commission to you that is less than the deferred sales charge commission. You also receive service fees.</p> <p><b>Low-Load purchase option schedule</b></p> <table border="1"> <thead> <tr> <th data-bbox="554 818 798 846">Period after purchase</th> <th data-bbox="993 818 1115 846">Charge fee</th> </tr> <tr> <th data-bbox="554 854 604 881">Year</th> <th data-bbox="974 854 1142 881">Percentage (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="554 889 737 917">Less than 1 year</td> <td data-bbox="1037 889 1079 917">3.0</td> </tr> <tr> <td data-bbox="554 925 863 953">1 year and less than 2 years</td> <td data-bbox="1037 925 1079 953">2.5</td> </tr> <tr> <td data-bbox="554 961 873 989">2 years and less than 3 years</td> <td data-bbox="1037 961 1079 989">2.0</td> </tr> <tr> <td data-bbox="554 997 674 1024">Thereafter</td> <td data-bbox="1037 997 1079 1024">0.0</td> </tr> </tbody> </table> | Period after purchase | Charge fee | Year | Percentage (%) | Less than 1 year | 3.0 | 1 year and less than 2 years | 2.5 | 2 years and less than 3 years | 2.0 | Thereafter | 0.0 |
| Period after purchase                   | Charge fee  |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
| Year                                    | Percentage (%)  |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
| Less than 1 year                        | 3.0   |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
| 1 year and less than 2 years            | 2.5   |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
| 2 years and less than 3 years           | 2.0   |                       |            |      |                |                  |     |                              |     |                               |     |            |     |
| Thereafter                              | 0.0   |                       |            |      |                |                  |     |                              |     |                               |     |            |     |

| Feature                              | Details  |
|--------------------------------------|--|
| <b>Pre-authorized chequing (PAC)</b> | <p>RRSP/spousal RRSP/non-registered/TFSA</p> <ul style="list-style-type: none"> <li>• PACs scheduled for non-business days will be withdrawn the following business day.</li> <li>• Frequency: weekly, bi-weekly, semi-monthly (15th and last day of the month), monthly, bi-monthly, quarterly, semi-annually, annually</li> <li>• \$25 minimum PAC per mutual fund</li> <li>• Automatic increases on PAC amounts are available</li> </ul> <p>Locked-in RRSP/LIRA/RLSP/RRIF/spousal RRIF/LRIF/LIF/PRIF/RLIF</p> <ul style="list-style-type: none"> <li>• Not offered</li> </ul> |
| <b>Registered income payments</b>    | <p>Available on RIF, LIF, LRIF, PRIF, and RLIF plans only</p> <ul style="list-style-type: none"> <li>• Types of income: minimum, elected amount subject to minimum or maximum for LIF, LRIF and RLIF plans or maximum (LIF, LRIF and RLIF plans)</li> <li>• Frequency: monthly, quarterly, semi-annually, annually</li> </ul>  |

| Feature                                      | Details   |
|--|---|
| <b>Automatic withdrawal plans</b>            | <p><b>Non-registered plans only</b></p> <ul style="list-style-type: none"> <li>• Systematic withdrawals made to client – Dollar amount</li> <li>• Frequency for client name plans: bi-weekly, monthly, bi-monthly, quarterly, semi-annually, annually</li> <li>• Frequency for Nominee plans: monthly, quarterly, semi-annually, annually</li> <li>• Withdrawals may be subject to sales charges (LSC)</li> <li>• Selling mutual fund units may create taxable distributions</li> </ul>   |
| <b>Annual nominee account fee</b>            | \$0   |
| <b>Exit fees (for in-kind transfers out)</b> | <p>Clients transferring holdings in-kind from Quadrus nominee (self-directed) plans to another dealer or institution will pay a transfer-out fee – a fee common in the industry and with other lines of business. This fee is subject to applicable tax and applies only to in-kind transfers out of Quadrus nominee (self-directed) investment plans; registered and non-registered.</p> <p><b>Transfer-out fee per nominee (self-directed) plan:</b></p> <ul style="list-style-type: none"> <li>• <b>Full transfer fee</b> – \$175 plus applicable tax</li> <li>• <b>Partial transfer fee</b> – \$75 plus applicable tax</li> </ul> <p><b>The transfer-out fee may be paid:</b></p> <ul style="list-style-type: none"> <li>• by cheque (payable to Quadrus)</li> <li>• by money order (payable to Quadrus)</li> <li>• by redemption from the funds, provided Quadrus receives a detailed and specific letter of direction, signed by the client, indicating the fund (or funds) from which the fee is to be taken.</li> </ul> <p>Once the transfer fee has been paid, the in-kind transfer-out request will be processed.</p> |

# Processing Canada Life Mutual Funds business

Our mutual funds were rebranded to Canada Life Mutual Funds in August 2020. While the names have changed, the way that you process your mutual funds business has not. You may notice some name changes on documents moving forward. However, processing Canada Life Mutual Funds business is still done through your mutual fund dealer, Quadrus Investment Services Ltd. (QISL).

- **Who's doing what chart:** This table breaks down the role of head office vs. investment representatives' roles for simple and complex transactions on Investment Centre
- **Complex cover sheet:** Use this cover sheet when submitting complex transactions to head office.
- **Nominee vs. Client-name/Self-directed Accounts:** Quick Reference

## What hasn't changed?

- **Where the cheque is made out to** – Make sure the cheques/EFTs are made out to Quadrus Investment Services Ltd., not Canada Life.
- **The application you use** – You will still use the QISL application because these are still mutual funds sold by the dealer, which is QISL.
- **The KYC** – Use the KYC available in the application for individual accounts. For joint accounts, use the stand alone QISL KYC available.
- **Your disclosure agreement** – You'll still provide an electronic copy of "What you need to know" (disclosure package). Fund codes are exactly the same as before MAX.
- **Investment summary** – This will remain branded Quadrus Investment Services Limited.

## What has changed?

- **Investment Centre** – The company you chose/administrator will change to Canada Life Mutual Funds for client-held accounts.
- **Tax receipts** – These will now be Canada Life Mutual Funds branded.
- **Confirms & Statements** – These will now be Canada Life Mutual Funds branded.
- **AccessQuadrus** – This will now be Canada Life Mutual Funds branded.

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To learn more about processing business, see [Process Navigator for forms, applications and more information](#).

[Learn more about Canada Life Mutual Funds with the series guide](#)

Professionally managed,  
competitive and full of  
opportunity.



Information for advisors only.  
This material is not intended  
for use with clients.

Canada Life Mutual Funds are managed by Canada Life Investment Management Ltd. or Mackenzie Financial Corporation offered exclusively through Quadrus Investment Services Ltd. Make your investment decisions wisely. Important information about mutual funds is found in the Fund Facts document. Please read this carefully before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

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.



See your  
Canada Life  
Mutual Funds  
marketing toolkit  
for forms, applications  
and more point-of-sale  
information.