

Portfolio Solutions Group

Strength of process – Multi-level active management



Building portfolios that are designed to be high-performing and resilient requires a robust investment process. The right expertise, in-depth research, collaborative thinking and continuously assessing the changing market environment are all important for success. Portfolio Solutions Group's (PSG's) multi-level process enables them to build and manage portfolios with only their highest conviction ideas and strategies.

PSG's investment process begins with a top-down view of long-term macroeconomic drivers of expected returns, impending risks and unique correlation impacts within each asset class. They identify the optimal strategic asset mixes, which are those that we estimate will deliver the highest expected return at given risk levels. Once the strategic asset allocation is determined, they continuously manage and monitor the portfolios based on the following four key components of their investment process.

PSG's research platform harnesses the collective wisdom of four key sources

PSG draws on both internal and external research to design and manage portfolios. This partnership means ideas and insights are shared and linked, ensuring robust, well-informed investment decisions every step of the way.

PSG proprietary research

- Informs long-term strategic and tactical asset allocation, with a focus on optimizing portfolios through diligent analysis of different asset classes expected returns, risks, volatility and correlations across one-another.
- Team of five investment experts with 18 years average industry experience

Canada Life Investment Manager Research Team

- Conducts ongoing due diligence, research oversight and selection of investment managers for Canada Life's fund platforms
- Team of nine asset class coverage experts with 16 years average industry experience

Mackenzie Global Investment Committee

- Provides tactical asset allocation recommendations to PSG
- Team of seven investment experts with 20 years average industry experience

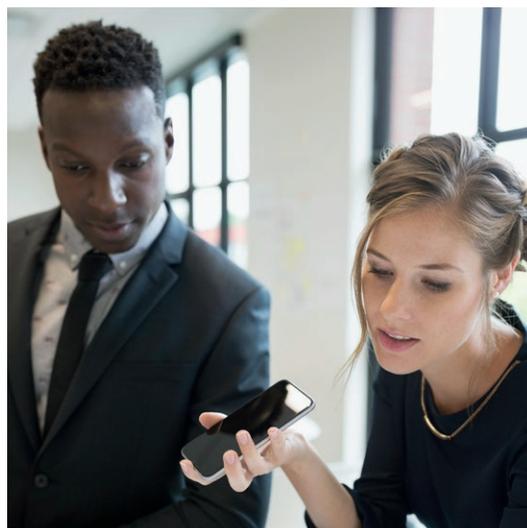
Third-party investment managers and research

- Offer information on the investment landscape from around the world
- 10+ third-party investment managers

Optimal mix of managers and mandates

PSG's mix of managers and mandates is designed to deliver globally diversified portfolios

- PSG takes a total portfolio approach when selecting mandates and managers for the portfolios. This means finding mandates that act as uncorrelated holdings, complement each other in terms of style and provide different benefits at various times of a business cycle.
- The Canada Life Investment Manager Research (IMR) Team is key to helping PSG find the right mandates. Their rigorous manager selection and evaluation process provides PSG with leading strategies in the broadest opportunity sets possible.
- PSG leverages the strength of the Canada Life™ wealth shelf to access high conviction mandates and managers with a track record of strong performance.



Tactical asset mix overlay

A tactical overlay that's responsive to rapidly changing markets

- PSG is continually assessing the capital market environment, monitoring and modestly adjusting weightings across asset classes, regions, styles and other characteristics of the portfolios, looking for opportunities to augment return potential and protect against risk.

| Current themes | Tactical view ¹ |
|--|---|
| COVID-19 and geopolitical risk contribute to heightened capital market uncertainty | Neutral asset mix to benchmark equity/fixed income weighting as economies adjust to less stimulus and greater trade |
| Valuation of U.S. equities appears extended | Reduced exposure to U.S. stocks |
| Growth and value leadership is expected to continue to fluctuate | Neutral style exposure in equities |
| Inflation is expected to continue in developed markets throughout 2022 | Exposure to alternatives and increased exposure to real return bonds |
| Longer-term interest rates are expected to moderate | Closer to neutral benchmark duration in Canada |

¹As of April 30, 2022



Risk management and oversight

Rigorous, disciplined and objective approach

A robust risk management framework is the cornerstone of all successful long-term investment solutions. PSG's approach to monitoring all aspects of portfolios includes the following key elements:

- Disciplined rebalancing
- Monitoring portfolio characteristics
- Analyzing performance across short, mid and longer timeframes at each level: portfolio, asset class, fund style and individual fund components
- Oversight of the underlying managers by the Canada Life IMR team – a proprietary process that includes quantitative, qualitative and early trend assessments
- Senior management oversight with detailed management reporting and review meetings, and frequent compliance checks

The views expressed in this commentary are those of this investment manager as at the date of publication and are subject to change without notice.

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