Beyond traditional diversification

Sophisticated risk management strategies that deliver a smoother investment experience

Market volatility and economic uncertainty, combined with relatively low expected returns for many asset classes, means investors with traditional portfolios may need to consider investments associated with higher risk to achieve the same level of returns they have had in the past.

The Canada Life Risk-Managed Portfolios™ are specifically designed to help Canadians protect their savings, while still participating in the market to help them achieve their goals. The unique nature of these portfolios means that they go beyond the traditional diversification found within many multi-asset solutions.

The four unique risk management strategies help investors experience a smoother investment journey, so they can focus on their goals – not the markets.

Globally diverse mix of asset classes, including a powerful combination of four unique risk management strategies

Equity funds

1 Canada Life Risk Reduction Pool

2
- Canada Life Canadian Low Volatility
- Canadian Equity Index ETF Fund
- Canada Life Global Founders
- Canada Life Global Dividend

U.S. Large Cap Index ETF Fund

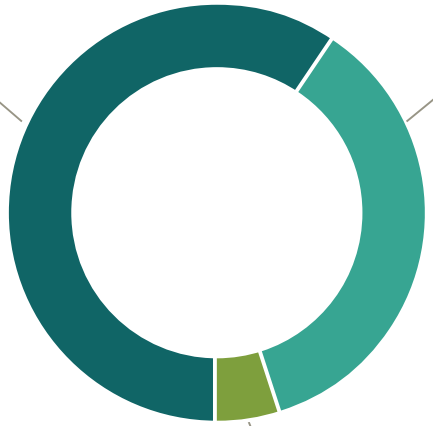
Developed Markets Ex-US Equity Index ETF Fund

3
- Canada Life Canadian Growth
- Canada Life US All Cap Growth*

Canada Life Pathways Global Tactical Equity

Emerging Markets Stock Index ETF Fund*

*only held within the Growth Portfolio



Fixed income funds

Canadian Aggregate Bond ETF Fund

Canadian All Corporate Bond ETF Fund

Canadian Short-Term Bond Index ETF Fund

U.S. Aggregate Bond ETF Fund

Canada Life Pathways Global Multi-Sector Bond

Canada Life Global Multi-Sector Bond

Cash

Alternatives

4 Mackenzie Multi-Strategy Absolute Return

Target strategic asset mix	Risk-Managed Conservate Income Portfolio	Risk-Managed Balanced Portfolio	Risk-Managed Growth Portfolio
Fixed income	60%	40%	15%
Equities	35%	55%	80%
Alternatives	5%	5%	5%

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Risk management strategies

1 The Canada Life Risk Reduction Pool uses an option collar strategy which acts as the portfolio's central defence system. It provides a cushion to help mitigate equity volatility within the portfolio.

How it works

This strategy focuses on buying puts and selling calls that create an upper and lower limit to returns (a protected band), providing investors with a smoother investment experience.

- ✓ Put options are bought as a form of protection, effectively creating a 'floor' for equities held within the strategy. These put options allow the Portfolio Manager to sell their equity exposure at a set price, even if the market price is lower. This is what provides protection to the portfolio from significant market declines.
- ✓ To help pay for the cost of the downside protection, the Portfolio Manager sells call options on the same equities. The income generated is used to help cover the cost of purchasing the put options. The trade-off is that there is a 'ceiling' on potential growth because the Portfolio Manager gives up some of the upside potential to protect on the downside.

Key benefits

- This strategy helps provide some predictability and control within the portfolio as equity returns typically tend to fluctuate within a protected band, reducing the chance of extreme market fluctuations.

2 The equity funds have been meticulously selected, following an investment process that focuses on companies with strong fundamentals. This focus provides exposure to companies that may offer protection from market drawdowns.

How it works

The four equity funds that are used to achieve this strategy are:

- ✓ **Canada Life Canadian Low Volatility:** A Canadian equity fund that aims to invest **in low beta, high-quality stocks** while seeking to offer risk-adjusted returns and reduce drawdown experiences over a market cycle.
- ✓ **Canada Life Global Founders:** This fund seeks to invest globally in **high-quality value stocks** whose prices may be undervalued.
- ✓ **Canada Life Global Dividend:** With a focus on downside protection, the fund aims to invest in approximately **30-50 global high yielding stocks** of companies that are financially sound and well-managed.

Key benefits

Investing in equity funds that focus on high-quality, low beta, dividend paying and value stocks, this strategy aims to provide:

- A smoother investment experience by offering lower volatility than the broad market.
- Greater downside protection by avoiding steep capital losses in severe market drawdowns.
- Stable long-term capital growth through healthy dividend income and participation in market growth.

3 Canada Life Pathways Global Tactical Fund

is a tactical sleeve within the portfolio that can either be fully invested in equities to capture upside potential or moved to cash in an environment of sustained market stress.

How it works

This strategy uses a systematic model that provides a framework for monitoring the health of the economy and looks to remove the behavioural biases of investors. The portfolio manager uses a quantitative multi-factor approach which adjusts the equity allocation based on the model. The model produces a signal that moves between a range of +2 and -2 and this determines the equity weighting. As the signal moves further into negative territory, the strategy increasingly allocates to cash.

Key benefits

- Downside protection by actively managing the portfolio's equity risk exposure throughout the market cycle.
- Positions the portfolio to capture upside potential during stable or strong market conditions to provide longer-term returns.

Investors purchase call options on an underlying asset if they believe it will rise above the strike price – at which point their option rises in value (otherwise known as being "in the money") and they would profit.

An investor who purchases a put believes that the price of the underlying asset will drop below a pre-set "strike" price before the option expires.

4 Mackenzie Multi-Strategy Absolute Return Fund

is a liquid alternative strategy. It seeks to provide a positive absolute return regardless of market conditions and provides the portfolio additional diversification benefits through uncorrelated sources of return.

How it works

The strategy is not constrained to a specific benchmark, providing access to a wider range of investment opportunities to capture different sources of risk and return. The fund combines multiple strategies to further enhance diversification and provide stability:

- ✓ **Credit Absolute Return** – uses a credit momentum and short credit strategy.
- ✓ **Global Macro** – uses processes to generate value from trading markets driven by global macroeconomic data and events.
- ✓ **Equity Long/Short** – uses long/short strategies to profit from up and down movements in individual stocks and the stock market.

Key benefits

- Aims to provide a positive absolute return over a market cycle regardless of market events.
- Seeks to manage annualized volatility and reduce risk relative to global equities.
- Enhanced diversification by tapping into global markets, alternative asset classes and strategies that go beyond traditional stock and bond markets.

Combining traditional diversification with sophisticated risk management strategies aims to ensure the performance of the funds is not dependent on any one asset type, sector, region, investment manager or style. To deliver this unique solution, Canada Life™ has partnered with Irish Life Investment Managers (ILIM), who have deep experience and expertise in risk management.

Learn more about these risk management strategies:

- **Risk-Managed Portfolios Product Guide** provides a deep dive into how the portfolios are constructed.
- **The Irish Life Investment Management** proven track record brochure highlights the team of experts and their specialty in portfolio management.

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Portfolios are managed based on the strategic asset mixes shown, however actual allocations may vary. Strategic asset mixes, portfolio holdings, and their percentage weightings are subject to change. Canada Life Risk-Managed Portfolios are available through a segregated funds policy issued by The Canada Life Assurance Company or as a mutual fund managed by Canada Life Investment Management Ltd. offered exclusively through Quadrus Investment Services Ltd. Make your investment decisions wisely. Important information about mutual funds is found in the prospectus and Fund Facts document. Please read these 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. 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.