

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

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## **Annual Management Report of Fund Performance**

*For the Year Ended March 31, 2022*

*This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting our website at [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca) or the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the Annual Information Form, which may also be obtained, at no cost, using any of the methods outlined above.*

*For more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Canada Life Investment Management Ltd. to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2022

## Management Discussion of Fund Performance

June 3, 2022

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments that have affected the performance and outlook of Canada Life International Bond Fund (CLI) (the "Fund") in the financial year ended March 31, 2022 (the "period"). If the Fund was established during the period, "period" represents the period since inception.

In this report, "CLIML" and "the Manager" refer to Canada Life Investment Management Ltd., which is wholly owned by The Canada Life Assurance Company ("Canada Life"). The Manager has entered into a fund administration agreement with Mackenzie Financial Corporation ("Mackenzie"), an affiliate of the Manager and Canada Life, for administrative services. In addition, net asset value ("NAV") refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

Please read *A Note on Forward-Looking Statements* on the first page of this document.

### Investment Objective and Strategies

The Fund seeks interest income with the potential for capital growth by investing primarily in fixed income securities issued by governments, corporations and international agencies anywhere in the world.

### Risk

The risks of the Fund remain as discussed in the Fund's initial Simplified Prospectus.

The Fund is suitable for medium-term investors looking for a global fixed income fund to hold as part of their portfolio, who can handle the volatility of bond markets and who have a low to medium tolerance for risk.

The Fund is currently available for investment only by other Canada Life funds.

### Results of Operations

#### Investment Performance

The performance in the current and previous periods is shown in the *Past Performance* section of the report. The following comparison to market indices is intended to help investors understand the Fund's performance relative to the general performance of the markets. However, the Fund's mandate may be different from that of the indices shown.

During the period, the Fund's Series R securities returned -8.2% (after deducting fees and expenses paid by the series). This compares with the Bloomberg Global Aggregate Bond Index return of -6.9% and the ICE BofA Global Broad Market Index return of -7.5%. Effective April 1, 2021, the Bloomberg Global Aggregate Bond Index (the "new index") replaced the ICE BofA Global Broad Market Index (the "previous index") because the new index is more representative of the Fund's holdings. All index and series returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns.

Yields across the Group of Ten ("G10") countries experienced volatility in response to emerging COVID-19 variants, rising prices and escalating geopolitical tensions. Throughout the period, central banks generally became more aggressive, indicating an imminent departure from ultra-accommodative monetary policy. In turn, G10 yields steadily increased. Emerging market bonds had a strong start but ended the period weaker as yields of U.S. fixed income assets surged in anticipation of tightening U.S. Federal Reserve policy.

The Fund underperformed both the new index and the previous index, with its underweight exposure to longer-term bonds detracting from performance as long-term yields increased by less than short-term yields. The Fund's overweight exposure to the euro and British pound also detracted from performance.

Conversely, the Fund's positions in higher-volatility European bonds, as well as European financial sector corporate bonds, contributed to performance relative to both the new index and the previous index. The Fund's shorter duration in U.S. dollar-denominated bonds also contributed to performance as U.S. yields generally rose.

Over the period, the portfolio management team decreased the Fund's exposure to corporate bonds and increased its exposure to foreign government bonds. The team sold Japanese yen-denominated corporate bonds in order to take profits and reinvested the proceeds in Japanese government bonds with similar duration. The Fund's exposure to the United States was decreased as bonds issued by Verizon Communications Inc. were sold. Other changes to the portfolio included new holdings in bonds issued by HOWOGE Wohnungs, AXA SA and HSBC Holdings PLC.

At the end of the period, the Fund had an overall shorter duration than the new index in anticipation of rising interest rates given tightening central bank policy and rising inflationary pressures. The Fund also had an overweight position in financial sector corporate bonds and overweight exposure to energy-importer currencies such as the euro and the Japanese yen.

### Net Assets

The Fund's net assets decreased by 19.2% during the period to \$68.9 million. This change was composed primarily of \$5.8 million in net losses (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and a decrease of \$10.6 million due to net securityholder activity (including sales, redemptions and cash distributions).

### Fees and Expenses

The management expense ratio ("MER") for each series during the year ended March 31, 2022, was generally similar to the MER for the year ended March 31, 2021. Total expenses paid vary from period to period mainly as a result of changes in average assets in each series. No management fee or administration fee, other than certain specific fund costs, is charged to the Fund. The MERs are presented in the *Financial Highlights* section of this report.

### Recent Developments

The ongoing international mutation and transmission of COVID-19 perpetuated uncertainty in the global economy and caused volatility in financial markets. Russia's invasion of Ukraine in February 2022 added further uncertainty to the global economic outlook. The COVID-19 pandemic and war in Ukraine may adversely affect global markets and the Fund's performance.

Effective on or about June 24, 2022, the Fund is renamed Canada Life Foreign Bond Fund.

### Related Party Transactions

Investment funds managed by CLIML and segregated funds managed by Canada Life and its subsidiaries may invest in the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. At March 31, 2022, funds managed by CLIML and Canada Life owned 100.0% of the Fund's NAV. All related party transactions are based on the NAV per security on each transaction day. As a result of these investments, the Fund may be subject to large transaction risk as discussed in the Prospectus. CLIML manages this risk to reduce the possibility of any adverse effect on the Fund or on its investors, through such processes as requiring advance notice of large redemptions.

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

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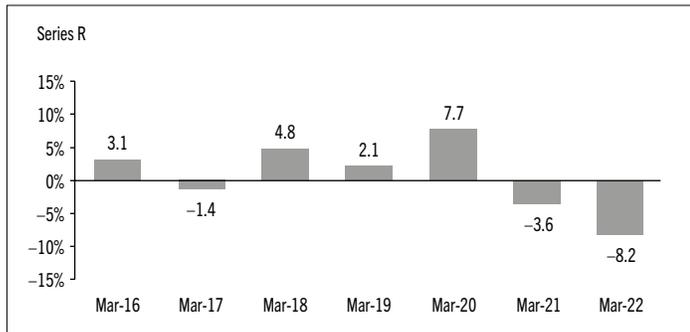
During the period, the Fund had inter-fund trades that breached the standing instructions provided by the Canada Life Funds' Independent Review Committee for inter-fund trades. For more information please see the March 31, 2022, IRC Report to Unitholders. This report is available on the Funds' website at [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca), or you may request a copy, at no cost to you, by contacting Canada Life toll-free at 1-888-532-3322.

## Past Performance

The Fund's past performance information is presented in the following chart and table. It assumes all distributions made by the Fund in the periods presented are reinvested in additional securities of the relevant series of the Fund. The chart and table do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any investor that would have reduced returns. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

## Year-by-Year Returns

The following bar chart presents the performance of Series R of the Fund for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased or decreased by the last day of the fiscal period presented. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.



## Annual Compound Returns

The following table compares the historical annual compound total returns for each series of the Fund with the relevant index or indices shown below for each of the periods ended March 31, 2022. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in these performance figures.

All index returns are calculated in Canadian dollars on a total return basis, meaning that all dividend payments, interest income accruals and interest payments are reinvested.

Percentage Return:	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Series R	-8.2	-1.6	0.4	n/a	0.6
Bloomberg Global Aggregate Bond Index*	-6.9	-1.5	0.4	n/a	0.7
ICE BofA Global Broad Market Index**	-7.5	-1.9	0.2	n/a	0.5

\* New broad-based index

\*\* Previous broad-based index

The Bloomberg Global Aggregate Bond Index measures investment grade debt from 28 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from issuers in both developed and emerging markets. In future reports, performance will be compared to this index.

The ICE BofA Global Broad Market Index tracks the performance of investment grade debt publicly issued in major domestic and eurobond markets, including sovereign, quasi-government, corporate, securitized and collateralized securities. Qualifying bonds must be rated "BBB" or higher and have a remaining term to maturity of at least one year. In future reports, performance will no longer be compared to this index.

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

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## Summary of Investment Portfolio at March 31, 2022

PORTFOLIO ALLOCATION	% OF NAV
Bonds	93.6
Cash and short-term investments	4.9
Other assets (liabilities)	1.5

REGIONAL ALLOCATION	% OF NAV
United States	29.2
Japan	11.9
France	11.4
United Kingdom	7.6
Italy	7.4
Germany	6.7
Canada	6.0
Cash and short-term investments	4.9
Switzerland	3.1
South Korea	2.7
Australia	2.6
Mexico	1.5
Luxembourg	1.5
Other assets (liabilities)	1.5
Netherlands	1.1
Sweden	0.6
Other	0.3

SECTOR ALLOCATION	% OF NAV
Foreign government bonds	46.5
Corporate bonds	41.1
Federal bonds	6.0
Cash and short-term investments	4.9
Other assets (liabilities)	1.5

BONDS BY CREDIT RATING*	% OF NAV
AAA	8.7
AA	25.9
A	25.9
BBB	25.7
Less than BBB	4.1
Unrated	3.3

\* Credit ratings and rating categories are based on ratings issued by a designated rating organization. This table includes only bonds directly held by the Fund.

The Fund did not hedge its foreign currency exposure at the end of the period.

TOP 25 POSITIONS	% OF NAV
<b>Issuer</b>	
Cash and short-term investments	4.9
Italy Buoni Poliennali Del Tesoro 1.25% 12-01-2026	4.0
Government of Italy 0.35% 02-01-2025	3.5
United States Treasury 2.13% 02-29-2024	3.4
United States Treasury 1.75% 05-15-2023	3.2
United States Treasury 1.63% 08-15-2029	2.8
Government of Canada 5.00% 06-01-2037	2.7
Export-Import Bank of Korea 0.63% 07-11-2023	2.7
Government of Japan 0.50% 12-20-2040	2.6
United States Treasury 2.63% 02-28-2023	2.5
CPPIB Capital Inc. 1.13% 12-14-2029	2.2
SCOR SE 5.25% 03-13-2067 Perpetual Callable 2029	2.0
United States Treasury 2.88% 04-30-2025	1.9
United States Treasury 1.38% 08-15-2050	1.8
Zurich Finance (Ireland) Designated Activity Co. F/R 09-15-2051	1.8
Public Storage 0.88% 01-24-2032	1.8
United States Treasury 3.00% 02-15-2049	1.7
Government of Australia 2.25% 05-21-2028	1.7
HOWOGE Wohnungs 1.13% 11-01-2033	1.6
Barclays PLC 1.88% 12-08-2023	1.6
AXA SA F/R 01-17-2047 Callable 2027	1.6
Merck KGaA F/R 06-25-2079 Callable 2029	1.6
Government of Mexico 0.60% 04-20-2023	1.5
Stanley Black & Decker Inc. F/R 03-15-2060	1.5
HSBC Holdings PLC F/R 08-17-2029	1.5

Top long positions as a percentage of total net asset value	58.1
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The Fund held no short positions at the end of the period.

The investments and percentages may have changed since March 31, 2022, due to the ongoing portfolio transactions of the Fund. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the Fund's fiscal year-end, when they are available within 90 days. The quarterly updates are available by visiting [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca).

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the fiscal periods presented below. If during the period a fund or series was established or reinstated, "period" represents the period from inception or reinstatement to the end of that fiscal period. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.

### THE FUND'S NET ASSETS PER SECURITY (\$)¹

Series R	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
<b>Net assets, beginning of period</b>	<b>10.26</b>	10.86	10.29	10.28	9.99
<b>Increase (decrease) from operations:</b>					
Total revenue	0.18	0.21	0.21	0.19	0.19
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	(0.19)	0.25	0.15	(0.01)	(0.13)
Unrealized gains (losses) for the period	(0.75)	(0.78)	0.44	0.05	0.44
<b>Total increase (decrease) from operations²</b>	<b>(0.76)</b>	(0.32)	0.80	0.23	0.50
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.18)	(0.21)	(0.21)	(0.19)	(0.19)
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	<b>(0.18)</b>	(0.21)	(0.21)	(0.19)	(0.19)
<b>Net assets, end of period</b>	<b>9.26</b>	10.26	10.86	10.29	10.28

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value per security calculated for fund pricing purposes. An explanation of these differences, if any, can be found in the *Notes to Financial Statements*.

(2) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the fiscal period.

(3) Distributions were paid in cash/reinvested in additional securities of the Fund, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series R	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
Total net asset value (\$000)¹	68,936	85,349	96,763	97,269	86,772
Securities outstanding (000)¹	7,448	8,317	8,911	9,456	8,439
Management expense ratio (%)²	0.01	–	–	–	–
Management expense ratio before waivers or absorptions (%)²	0.01	–	–	–	–
Trading expense ratio (%)³	0.00	0.00	0.00	0.00	0.00
Portfolio turnover rate (%)⁴	46.10	40.57	35.16	24.12	27.21
Net asset value per security (\$)	9.26	10.26	10.86	10.29	10.27

(1) This information is provided as at the end of the fiscal period shown.

(2) Management expense ratio ("MER") is based on total expenses, excluding commissions and other portfolio transaction costs, income taxes and withholding taxes, for the stated period and is expressed as an annualized percentage of daily average net assets during the period, except as noted. In the period a series is established, the MER is annualized from the date of inception to the end of the period. Where the Fund directly invests in securities of another fund (including exchange-traded funds or ETFs), the MERs presented for the Fund include the portion of MERs of the other fund(s) attributable to this investment. Any income distributions received from ETFs managed by affiliates of the Manager, with the intention of offsetting fees paid within those ETFs but which are not considered to be duplicative fees under regulatory requirements, are treated as waived expenses for MER purposes. The Manager may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.

(3) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs incurred as an annualized percentage of daily average net assets during the period. Where the Fund invests in securities of another fund (including exchange-traded funds or ETFs), the TERs presented for the Fund include the portion of TERs of the other fund(s) attributable to this investment.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is not provided when the Fund is less than one year old. The value of any trades to realign the Fund's portfolio after a fund merger, if any, is excluded from the portfolio turnover rate.

## Management Fees

The Fund pays no management fees on its Series R securities. Management fees from other Canada Life funds that invest in the Fund were used to pay Canada Life Asset Management Ltd., an affiliate of the Manager, for providing investment advisory services, including managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and making brokerage arrangements for the purchase and sale of the investment portfolio.

# CANADA LIFE INTERNATIONAL BOND FUND (CLI)

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## Fund Formation and Series Information

The Fund may have undergone a number of changes, such as a reorganization or a change in manager, mandate or name. A history of the major changes affecting the Fund in the last 10 years can be found in the Fund's Annual Information Form.

Date of Formation: November 27, 2015

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in *Financial Highlights*.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca))

Series R securities are offered only to other funds managed by CLIML on a non-prospectus basis in connection with fund-of-fund arrangements.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series R	December 7, 2015	— *	— *

\* Not applicable.