

Staying true to the Canadian market benchmark

What's the strategy?

The Canadian Equity Index strategy is designed to invest directly in Canadian common stocks that closely replicate the composition of the S&P/TSX Composite Index.

What's the approach?

We manage the portfolio in line with the S&P/TSX Composite index by maintaining sector and stock weightings relatively close to that of the index.

Why invest in this portfolio strategy?

Ideal for investors seeking a pure Canadian equity fund, with no foreign exposure. Through various market environments, GWLIM's Canadian Equity Index strategy has maintained consistent performance against the total return of the S&P/TSX Composite Index, exhibiting very tight tracking.

Typical portfolio characteristics

Here is what you can expect to see from the GWLIM Canadian Equity Index strategy compared to its Canadian benchmark:

- The strategy will generally hold no less than 85% of the number of stocks included in the S&P/TSX Composite Index
- Sector and stock weighting is in close proportion to those in the S&P/TSX Composite Index
- Investment in securities of any one corporate issuer shall not exceed the greater of 10% of the assets of the Fund or the securities weight in the S&P/TSX Composite Index

Strategy snapshot

Asset class

Equity

Inception date

2000

Assets in mandate

\$156.0 million

Benchmark

S&P/TSX Composite Index

Investment team

GWL Investment Management

Portfolio manager(s)

Patricia Nesbitt,
Senior Vice-President, Equities

About GLC

GLC Asset Management Group Ltd. (GLC) is a leading investment management firm that manages more than \$50 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Portfolio Solutions Group

Each division has a distinct investment approach that offers deep expertise within specialized areas of portfolio management, bringing unique perspectives to navigating capital markets through varying cycles.

As at June 28, 2019

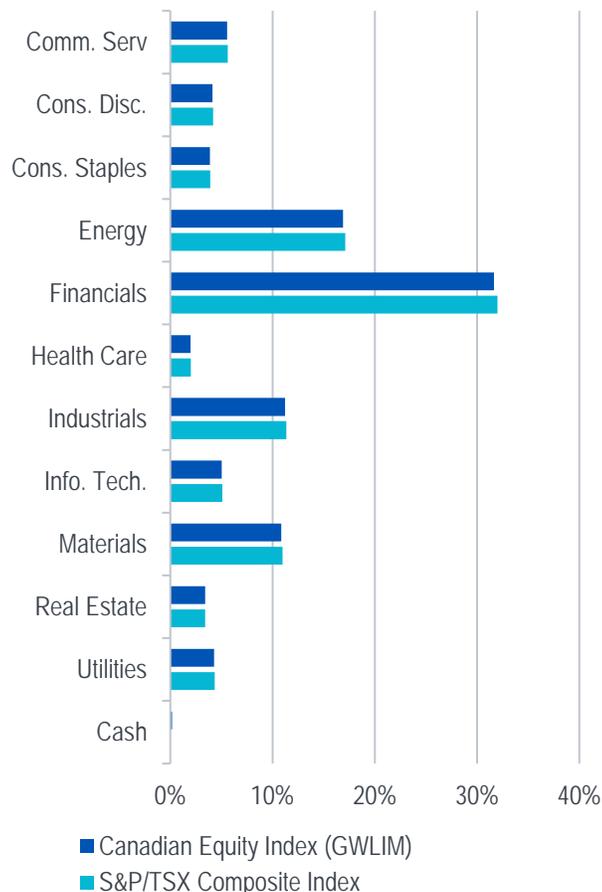
Portfolio attributes

| Key attributes | Portfolio ¹ | Index ² |
|----------------------|------------------------|--------------------|
| Market Cap. | 50.0 | 50.5 |
| P/E Curr. Yr. Median | 16.6 | 15.1 |
| P/B Curr. Yr. | 2.5 | 2.5 |
| ROE Trail. 12 | 14.8 | 14.8 |
| # of Equity Holdings | 241 ³ | 239 |

Major equity holdings %

| Security | Sector | Portfolio Weight ¹ |
|------------------------------------|------------------------|-------------------------------|
| Royal Bank of Canada | Financials | 6.4 |
| Toronto-Dominion Bank | Financials | 6.0 |
| Enbridge Inc | Energy | 4.1 |
| Canadian National Railway Co | Industrials | 3.8 |
| Bank of Nova Scotia | Financials | 3.7 |
| Suncor Energy Inc | Energy | 2.8 |
| Bank of Montreal | Financials | 2.7 |
| Tc Energy Corp | Energy | 2.6 |
| Brookfield Asset Mgmt A Ltd Voting | Financials | 2.4 |
| BCE Inc | Communication Services | 2.3 |
| Total | | 36.8 |

Sector Allocation %



Sources: GLC, Bloomberg, S&P | 1. Fund: LL Canadian Equity index Fund (GWLIM) | 2. Index: S&P/TSX Composite Index 3. In addition to equity securities, this fund holds index units which mirror the composition of index. Index units are used as a tool to manage fund cash flows while reducing trade activity

Portfolio manager's quarterly commentary

As at June 28, 2019

Market review

World equity markets produced modest positive returns in the second quarter of 2019. Stocks were supported by dovish central banks and falling interest rates. With inflation remaining contained, markets are pricing in rate cuts from the U.S. Federal Reserve over the coming months due to continued trade tensions and decelerating economic growth. Equity markets ebbed and flowed with trade developments –particularly evident during May when markets sold off after U.S.-China trade talks broke down. The S&P/TSX Composite Index returned 2.6% (total return) in the second quarter. Information Technology was the top performing sector in Canada, largely due to very strong returns from Shopify. The heavyweight Financials sector outperformed the broad market despite another mixed earnings season from the Canadian banks. The Materials sector, under pressure for much of the quarter, bounced back following a June rally in gold stocks. Gold prices spiked higher on the prospect of lower policy rates in the U.S. and continued geopolitical tensions. Health Care was the worst performing sector, primarily due to a pull-back in cannabis stocks. The Energy sector also underperformed, with exploration and production companies suffering from weaker oil and gas prices.

Portfolio performance

The fund posted a positive single-digit return that matched the S&P/TSX Composite Index on a gross return basis during a quarter that exhibited volatility. We continue to manage the equity index fund in line with the S&P/TSX Composite Index by maintaining sector and stock weightings relatively close to that of the index.

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