

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

\$149.6 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 \$55 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Global Multi-Asset Strategy team (including 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 30, 2020

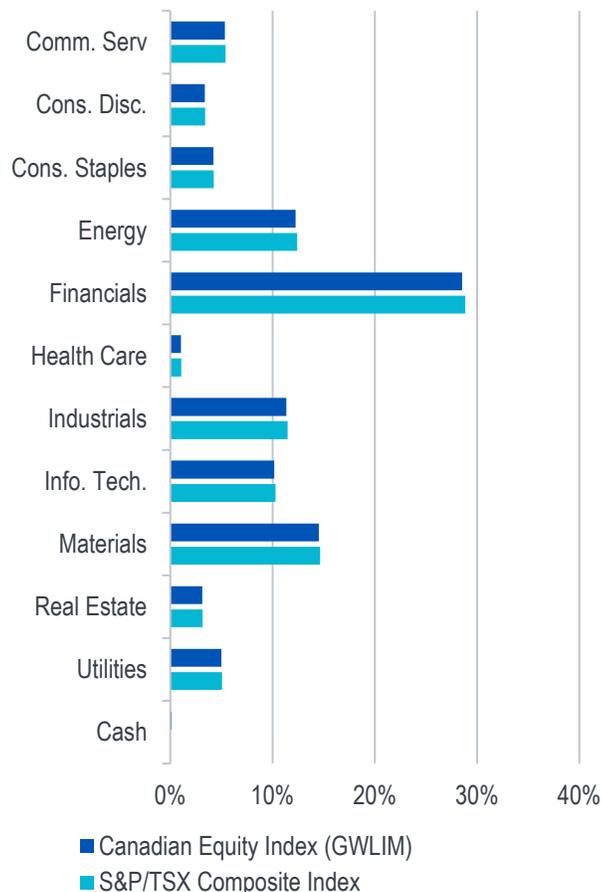
Portfolio attributes

Key attributes	Portfolio ¹	Index ²
Market Cap.	52.2	52.7
P/E Curr. Yr. Median	26.5	24.7
P/B Curr. Yr.	2.2	2.2
ROE Trail. 12	9.2	9.2
# of Equity Holdings	224 ³	222

Major equity holdings %

Security	Sector	Portfolio Weight ¹
Shopify Inc.	Information Technology	6.3
Royal Bank of Canada	Financials	6.0
Toronto-Dominion Bank	Financials	5.0
Canadian National Railway Co	Industrials	3.9
Enbridge Inc	Energy	3.8
Bank of Nova Scotia	Financials	3.1
Barrick Gold Corporation	Materials	3.0
Brookfield Asset Mgmt A Ltd Voting	Financials	2.8
Tc Energy Corp	Energy	2.5
BCE Inc	Communication Services	2.3
Total		38.6

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 30, 2020

Market review

Global equity markets bounced back sharply, posting one of the strongest and quickest recoveries in history. Stocks closed in on their previous all-time highs set prior to the coronavirus crisis due to unprecedentedly large monetary and fiscal support from world governments and central banks, improving economic data in May and June and reopening global economies. The S&P/TSX Composite Index surged 17.0% (total return) during the quarter – the second largest quarterly gain in over a decade. All but one of the 11 sectors finished in positive territory. The information technology sector was the best performer, spearheaded by Shopify's 136% gain. The materials sector benefitted from a strong rally in precious metals, particularly by gold stocks that soared over 50% in the period. The consumer discretionary and energy sectors were also noteworthy contributors: energy companies benefitted from a sharp rebound in oil prices (Western Canadian Select jumped 474% during the quarter). Communication services was the lone sector to produce a negative return.

Portfolio performance

After the significant selloff during the first quarter, the market posted a dramatic recovery – fueled in large part by a massive injection of liquidity by central banks in an effort to stave off a global depression. The portfolio matched the S&P/TSX Capped Composite Index on a gross return basis during the second quarter of 2020. 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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