

# Risk-targeted solutions delivering ongoing suitability

*Canada Life Portfolio Funds*

*Active and Passive Solutions*



# Risk target managed funds

With such a huge universe of fund options and strategies available, one way in which advisers are able to filter this universe is through fund risk-ratings from specialist providers such as Dynamic Planner. Typically numbering between one (lowest risk) and ten (highest), these numbers aim to illustrate the level of risk a fund carries. However, these ratings do not always specify whether they are risk-profiled or risk target managed and there are important differences between the two.

Risk target managed funds are managed according to strict asset allocation guidelines and/or volatility boundaries to ensure that the fund stays at the same level. In contrast, risk-profiled funds are allocated a risk level largely based on their current asset allocation and past behaviour. In other words a fund with a current risk rating of 3 could change to become a more risky 4 rating in the future, or vice versa.

Funds that have been risk-profiled by Dynamic Planner are not bound by their rules and so their risk ratings can change. In contrast, risk target managed funds must conform to strict asset allocation and risk limits set by Dynamic Planner which they must adhere to, they are checked every quarter, so that their risk rating remains constant.

With the increasing demands on advisers' time, the use of more sophisticated fund screening, using risk ratings and other means, has increased significantly. As a result, there has been a substantial rise in the number of multi-asset managed solutions on offer.

An effective and efficient way to deliver a suitable and consistent client outcome can be achieved via a focus on risk-rated funds, such as the Portfolio Fund range from Canada Life.

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## Canada Life Portfolio Funds

Whether there is a desire for income, growth or a combination of the two, Canada Life Portfolio Funds can offer an easy and cost-effective way of meeting your clients' long-term investment needs. Economic uncertainty and the threat of increased market volatility make it more difficult not only to invest in the current climate, but to ensure that a portfolio is aligned with a client's objectives and provides ongoing suitability.

Our Portfolio Funds are a straightforward solution to the complicated business of choosing a mix of investments, offering a diversified blend of global asset classes that aim to match each client's attitude to risk – all at a competitive price.

### Active and Passive Solutions

We are keen our clients have access to both active and passive to meet their objectives in the most cost efficient fashion with the funds, and products, that best meet their investment needs.

#### Canada Life

David Marchant is the fund manager of the Portfolio Funds and has more than 31 years' experience managing assets. He is responsible for Canada Life Investments' mixed asset funds, totalling more than £2.8 billion (as at 30/09/17). David is CIO of Canada Life Limited & Managing Director, Canada Life Asset Management Limited.

**“Our Portfolio Funds provide you with simplicity, significant time savings and – critically – the peace of mind that the cost effective solutions will remain suitable for your clients' risk appetites.”**

David Marchant, Fund Manager

#### BlackRock

**“Over the past decade we have seen significant growth in index investing as advisers and individuals seek cost-effective investments that offer both choice and diversification. Through our iShares index funds, Canada Life's product range offers clients access to individual funds as well as a comprehensive set of risk managed portfolios.”**

Claire Finn, Managing Director at BlackRock

# Ten globally diversified fund of funds

Our Portfolio Funds invest in a wide range of asset types, countries and sectors to create a diversified investment solution.

There are ten funds, numbered 3 through 7, each offering a different risk level aligned to Dynamic Planner's risk profiles 3 to 7.

The concept is straightforward – the higher the number, the higher the risk. As the risk rises so does the potential return – and the likelihood of volatility. The lower the risk, the lower the potential return and volatility.

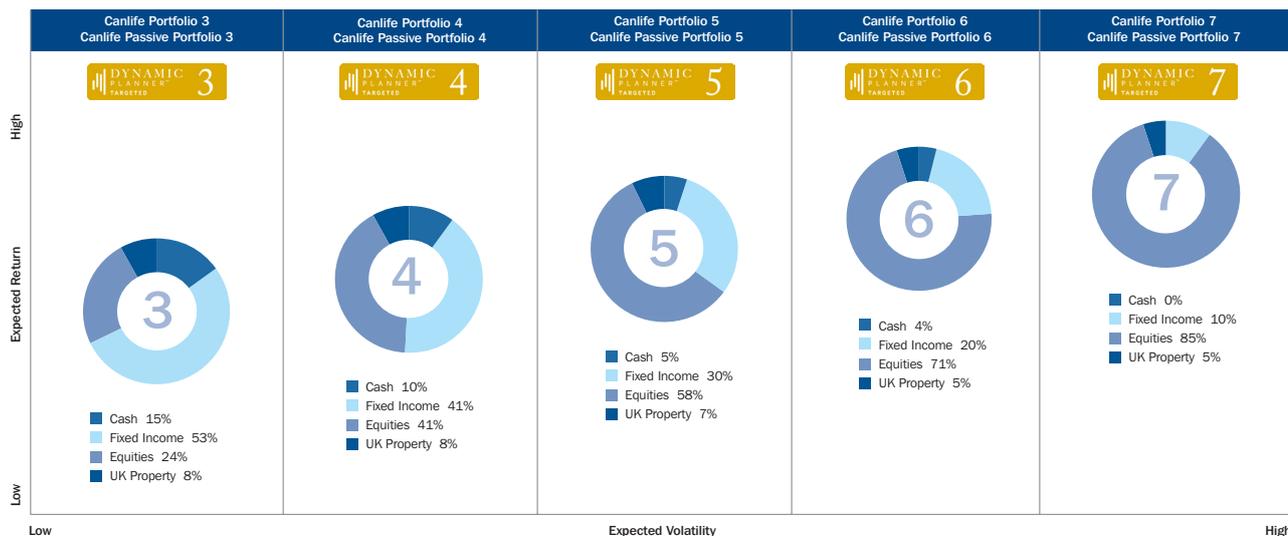
Dynamic Planner, a leading profiling tool used by many advisers, provides the asset allocation for the risk profiles that our Portfolio Funds align to.

Our funds adhere rigidly to each of Dynamic Planner's risk profile asset allocations, meaning that we do not apply any tactical tilt on top. This is because we believe that if a fund is a risk profile 6, it should stay at risk profile 6.

We review and, if necessary, rebalance each risk-profiled portfolio daily to ensure that it is achieving its aims and risk-profile allocations.

This helps to provide ongoing suitability for your clients – from the time of making their initial investment and at each subsequent review.

## Canada Life Portfolio Funds



As at 1 November 2017

## *At a glance*

- Ten globally diversified funds of funds aligned to Dynamic Planner's risk profiles 3 to 7
- Investment expertise of our actively managed in-house fund range and the Passive range managed by BlackRock.
- More than eight years of proven capability in risk-targeted fund management
- Ready-made, cost-effective solutions delivering ongoing suitability for your clients
- Strong track record in active fund management delivering solid three-year returns through challenging environments<sup>1</sup>

<sup>1</sup> Source: Life Series 4 as at 01/11/2017.

# Investment expertise

**Active Portfolio Funds** – Our active Portfolio Funds are primarily funds of in-house funds. Each fund taps into the expertise of our fixed income (bonds), equity (shares) and property managers who have wide experience of the various individual asset classes. Investing with them leaves the stock-picking decision makers with the real power to select the best assets to deliver income or growth.

This means that fund manager David Marchant can be confident that his team is aligned to the Portfolio Funds' investment objectives and therefore will deliver results. It also helps to keep costs under control.

Our approach to investing is defined by four main guiding principles.

First, we believe that active management can deliver returns in excess of the market over the long term.

Second, we seek to add value through a pragmatic style that empowers our managers to adapt their strategy to prevailing market conditions.

Third, we believe that it is important to take a long-term perspective and rise above short-term news and swings in sentiment.

And finally, we believe that a blended approach that takes in the big picture and combines the benefits of bottom-up and top-down investing gives us an advantage.

These values and beliefs are applied across each asset class with the aim of delivering sustainable and repeatable performance. All of our investment professionals embrace these principles while working together in an environment that encourages independent thinking, co-operation and debate.

At times, where an in-house fund choice is not available or suitable, funds managed by other investment managers will be used.

**Passive Portfolio Funds** – We partnered with BlackRock to build our Passive Portfolio range. The range of five passive portfolio funds is constructed using 12 single strategy BlackRock iShares index tracker funds across a variety of asset classes plus our own direct property and money funds but at all times adhering strictly to Dynamic Planner's pre-ordained Asset Allocation and risk band.

Our range of five Risk Target Managed funds, available as Life or Pension funds, directly mirror the active range of Portfolio Funds in terms of both Risk Ratings and desired outcomes that matter to our clients

This table shows the target weights that came into effect on 1 November 2017.

Asset class/region	Canlife Passive Portfolio Funds	Canlife Active Portfolio Funds	Risk Profile 3	Risk Profile 4	Risk Profile 5	Risk Profile 6	Risk Profile 7
			Weight	Weight	Weight	Weight	Weight
UK Cash (GBP)	Canlife Money	Canlife Money	15%	10%	5%	4%	-
UK Gilts	iShares UK Gilts All Stocks Index	Canlife Fixed Interest	14%	8%	5%	-	-
UK Index Linked Gilts	iShares Index Linked Gilt Index	Canlife Index Linked	9%	5%	-	-	-
UK Corporate Bonds	iShares Corporate Bond Index	Canlife Corporate Bond	21%	22%	21%	16%	5%
International Bonds	iShares Overseas Corporate Bond Index	Canlife Global Bond	9%	3%	-	-	-
	iShares Overseas Government Bond Index						
Global High Yield Bonds	iShares Global High Yield Corporate Bond	Canlife Global High Yield Bond	-	3%	4%	4%	5%
UK Commercial Property	Canlife UK Property	Canlife UK Property	8%	8%	7%	5%	5%
UK Equity	iShares UK Equity Index	Canlife UK Equity	14%	19%	26%	31%	35%
Europe ex UK Equity	iShares Continental European Equity Index	Canlife UK Equity Income	2%	4%	4%	5%	5%
North American Equity	iShares North American Equity Index	Canlife North American	6%	10%	12%	12%	10%
Japanese Equity	iShares Japan Equity Index	Canlife Japanese	2%	4%	6%	7%	8%
Asia Pacific ex Japan Equity	iShares Pacific ex Japan Equity Index	Canlife Asia Pacific	-	4%	5%	8%	13%
Emerging Market Equities	iShares Emerging Markets Equity Index	BlackRock Emerging Markets	-	-	5%	8%	14%

# Flexible investment solutions

As advisers increasingly segment their client base and outsource investment management, there is a need for investment solutions that are designed to meet client objectives and offer some flexibility in continuing to do so as their circumstances change.

Our Portfolio Funds offer a simple, cost-effective way of meeting your clients' long-term investment needs.

They are designed to provide investors with peace of mind of ongoing suitability, at a competitive price.

The Funds are risk-targeted funds of funds that are strictly aligned to Dynamic Planner's risk profiles 3 to 7 and the active Portfolio funds have also been risk-rated by FinaMetrica, Synaptic and Defaqto in order to meet the long-term needs of the majority of investors and provide ongoing suitability.

Each of the ten Portfolio Funds invests in a globally diversified blend of geographies and investment types with the aim of matching your client's risk and reward requirements and serving as a core holding within a portfolio.

The Portfolio Funds are available through our investment and pension wrappers in order to meet the varying needs of your clients.

## Life and Pension Portfolio Funds

	Fund name	Dynamic planner risk profile	ABI Sector	Ongoing Charges Figure (OCF)	SEDOL	ISIN
ACTIVE	Canlife Portfolio 3 LS5	 3	ABI Mixed Investment 0%-35% Shrs	0.49	BBMJDC4	GB00BBMJDC49
	Canlife Portfolio 3 PS5	 3	ABI Mixed Investment 0%-35% Shrs	0.49	BV9GR59	GB00BV9GR595
	Canlife Portfolio 4 LS5	 4	ABI Mixed Investment 20%-60% Shrs	0.54	BBMJCF0	GB00BBMJCF05
	Canlife Portfolio 4 PS5	 4	ABI Mixed Investment 20%-60% Shrs	0.54	BV9GR60	GB00BV9GR603
	Canlife Portfolio 5 LS5	 5	ABI Mixed Investment 40%-85% Shrs	0.59	BBMJCD8	GB00BBMJCD80
	Canlife Portfolio 5 PS5	 5	ABI Mixed Investment 40%-85% Shrs	0.59	BV9GR71	GB00BV9GR710
	Canlife Portfolio 6 LS5	 6	ABI Mixed Investment 40%-85% Shrs	0.66	BBMJCC7	GB00BBMJCC73
	Canlife Portfolio 6 PS5	 6	ABI Mixed Investment 40%-85% Shrs	0.66	BV9GR82	GB00BV9GR827
	Canlife Portfolio 7 LS5	 7	ABI Flexible Investment	0.70	BBMJCG1	GB00BBMJCG12
	Canlife Portfolio 7 PS5	 7	ABI Flexible Investment	0.69	BV9GR93	GB00BV9GR934

	Fund name	Dynamic planner risk profile	ABI Sector	Ongoing Charges Figure (OCF)	SEDOL	ISIN
PASSIVE	Canlife Passive Portfolio 3 LS5	 3	ABI Mixed Investment 0%-35% Shrs	0.20	BF0ZH53	GB00BF0ZH538
	Canlife Passive Portfolio 3 PS5	 3	ABI Mixed Investment 0%-35% Shrs	0.20	BF0ZH64	GB00BF0ZH645
	Canlife Passive Portfolio 4 LS5	 4	ABI Mixed Investment 20%-60% Shrs	0.21	BF0ZH75	GB00BF0ZH751
	Canlife Passive Portfolio 4 PS5	 4	ABI Mixed Investment 20%-60% Shrs	0.21	BF0ZH86	GB00BF0ZH868
	Canlife Passive Portfolio 5 LS5	 5	ABI Mixed Investment 40%-85% Shrs	0.22	BF0ZH97	GB00BF0ZH975
	Canlife Passive Portfolio 5 PS5	 5	ABI Mixed Investment 40%-85% Shrs	0.22	BF0ZHB9	GB00BF0ZHB96
	Canlife Passive Portfolio 6 LS5	 6	ABI Mixed Investment 40%-85% Shrs	0.22	BF0ZHC0	GB00BF0ZHC04
	Canlife Passive Portfolio 6 PS5	 6	ABI Mixed Investment 40%-85% Shrs	0.22	BF0ZHD1	GB00BF0ZHD11
	Canlife Passive Portfolio 7 LS5	 7	ABI Flexible Investment	0.24	BF0ZHF3	GB00BF0ZHF35
	Canlife Passive Portfolio 7 PS5	 7	ABI Flexible Investment	0.24	BF0ZHG4	GB00BF0ZHG42

All fund details as at 01/11/2017. The ongoing charges figures for the funds shown above includes the Annual Management Charge and all other expenses for running the fund. It does not include any product fee attributable to a series of units.

## *Getting in Touch*

For more information, please contact your Canada Life representative or visit [www.canadalife.co.uk](http://www.canadalife.co.uk)

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Past performance is not a guide to future performance. The value of investments may fall as well as rise and investors may not get back the amount invested. Income from investments may fluctuate. Currency fluctuations can also affect performance.

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