



Canada Life

Investment Guide

THE RETIREMENT ACCOUNT



For Financial Adviser use only

Welcome

The Retirement Account (TRA) from Canada Life is a pension solution designed specifically for its flexibility to adopt to a client's evolving needs, whatever stage of life they're at. It's unique in offering a true blend of guaranteed income and drawdown within one personal pension wrapper. TRA offers a wide choice of investment solutions, with the ability to adapt as your clients' investment needs and objectives change over time.

You can:

- Mix and match investment solutions at no extra charge and easily integrate guaranteed income.
- Choose different investment strategies for accumulation and decumulation.

And all within the same low-cost, flexible wrapper.

Why Canada Life?



We've been looking after people for over 170 years, and provide a broad range of retirement, investment and protection products to meet the needs of our customers. As part of Great-West Lifeco, one of the largest life and health insurance companies in Canada, we have £807 billion of assets under administration (as at 31 December 2018) and look after the needs of over 30 million customers worldwide.

What you can expect from Canada Life is great service and support backed by financial strength and a strong track record.

At Canada Life we aim to make the process of dealing with us as easy and as smooth as possible. We'll be here to help you plan and manage your client's retirement with confidence – today, tomorrow and for years to come.

Our Investment Solutions



A range of solutions designed for every stage of your client's life.



Whether it's a guaranteed income, a simple low-cost multi-asset solution, or a wider range of governed funds, we have the solution.

Our investment solutions are split into two ranges, there are no minimum investment requirements and there is no additional cost for moving between them or accessing investments from one or more of the ranges at the same time.

How can our solutions help?

TRA can help through its ability to provide a guaranteed income alongside a range of investment solutions. This flexible, competitively priced structure and seamless choice of investment options allows you to mix and match and build the right investment approach to match your client's needs.

The Investment fund range – Core and Governed

There are two parts to our investment proposition within The Retirement Account:

THE FUND RANGE	
CORE	<ul style="list-style-type: none">• A range of low cost, insured, ready made, diversified funds• Risk-Targeted and Risk-Managed multi-asset options• Investment expertise & governance through Canada Life Investments• Active and passive funds available• Protected fund offering a degree of security from the ups and downs of the stock market 
GOVERNED	<ul style="list-style-type: none">• A broad selection of active single & multi-asset insured funds• A range of single strategy passive funds from Vanguard• Governance, monitoring and maintenance of the range is carried out in conjunction with Square Mile Investment Consulting and Research• Well researched funds from established investment houses 

The Cash Account

The cash account acts as the hub for all monies going in and out of The Retirement Account and can be used to hold cash awaiting investment or deferred Guaranteed Income for later payment or reinvestment. It's also a place to manage any adviser charge or fee agreed with your clients.

The Core range



Ready-made solutions for your clients; active or passive, capital protection or guaranteed income



Our Core range draws on the expertise of Canada Life Investments to offer a simple, cost-effective, governed set of risk-rated funds utilising both passive and active management styles that are suitable across the accumulation and decumulation phases of retirement.

		Lower risk			Higher risk	
Risk Targeted	Active	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7
Risk Managed		Managed (0%-35% Shares)	Managed (20%-60% Shares)*		Managed (40%-85% Shares)	
Risk Targeted	Index (Passive)	Index Portfolio 3	Index Portfolio 4	Index Portfolio 5	Index Portfolio 6	Index Portfolio 7
Risk Managed		Index Managed (0%-35% Shares)	Index Managed (20%-60% Shares)		Index Managed (40%-85% Shares)	

In addition the Index Managed (80% Protected), UK Property and Sterling Liquidity (money market) funds are available.

* Coming soon.



Canada Life
Investments

The multi-asset funds are provided by Canada Life Investments and offer active and passive options as well as a choice of risk targeted or risk managed approaches.

Canada Life Investments (CLI) is our UK-based asset management arm and, on behalf of our customers, is responsible for managing £38 billion (as at 30 September 2018) of equities, fixed income and property investments.

At the heart of CLI's approach to investing are four guiding principles:

- Investment freedom.** Their active fund managers are given the freedom to back their own convictions.
- Adding value through a pragmatic style.** Their managers are empowered to adapt their style to the prevailing market conditions.
- Taking a long term perspective.** Their focus is on the long term and we believe that this is the best way to add value for clients and generate superior returns.
- A blended approach to investing.** They believe it is essential to see the big picture before constructing the right blend of assets and approaches and choosing to invest.

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

Protection and guaranteed income

We know that for some clients an element of protection or guarantee is important and to cater for these needs we have included two further options which provide limited capital protection or a guaranteed income.

Our multi-asset Canlife Index Managed (80% Protected) fund offers downside protection by protecting 80% of the highest price achieved making sure your clients can be more confident in managing their retirement income.

Our guaranteed income solution provides clients with a guaranteed income for life, in exchange for a lump sum, with the flexibility to defer taking the income. The income generated can be held as cash within the cash account or reinvested into any of the investment funds until needed.

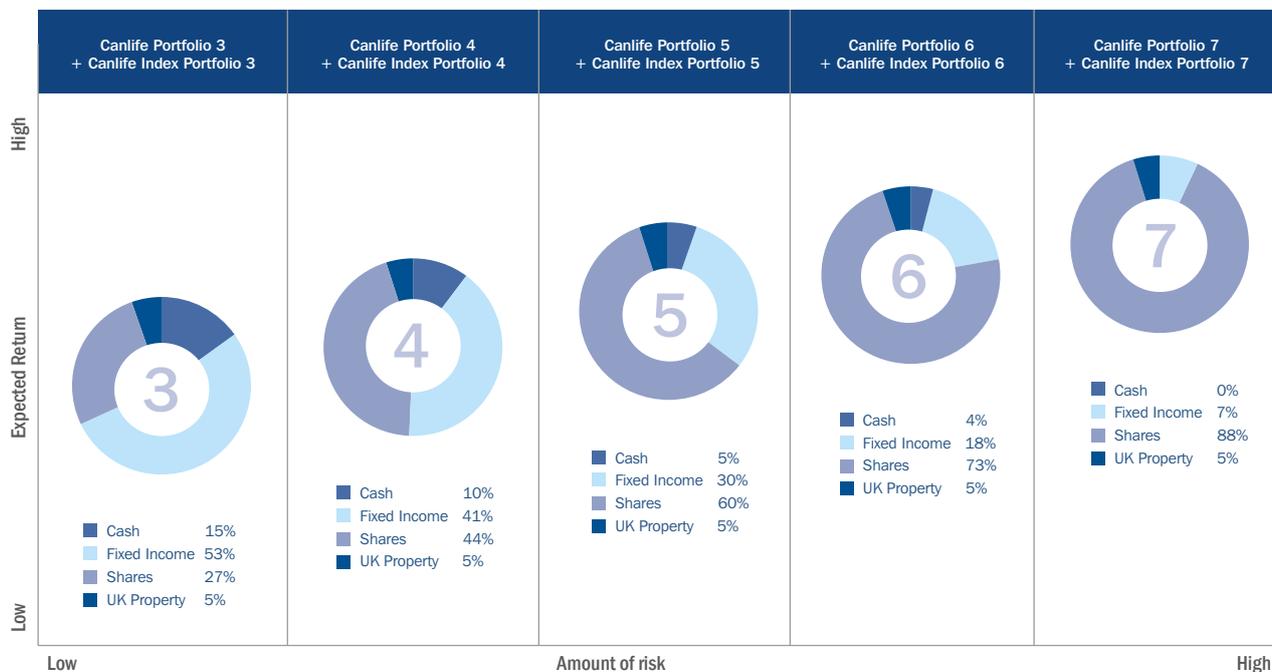
Canada Life Risk Targeted Portfolio funds



Straightforward solutions managed to strict asset allocations at a competitive price



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



Source: Dynamic Planner. As at 01.10.18

Our risk targeted portfolios are managed according to strict asset allocation guidelines defined by Dynamic Planner to ensure that they never deviate from your client's preferred level of risk. The risk profile of non-risk targeted funds can drift over time meaning a fund with a current risk rating of 3 could change to become a higher risk 4 rating or vice versa, whereas the risk targeted funds are designed to maintain their existing rating, rebalancing daily if necessary.

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 investment managers who have detailed knowledge and experience of the individual asset classes. Investing with them ensures that the stock-picking decision makers have the real power to select the best assets to deliver income or growth.

Passive Portfolio funds

Canada Life Investments have partnered with Vanguard to build the Passive Portfolio range. The range of five passive portfolio funds is constructed using single strategy Vanguard index tracker funds across a variety of asset classes, plus CLI's direct property and money funds, but at all times adhering strictly to Dynamic Planner's Asset Allocation and risk bands.

At a glance

- Ten globally diversified fund of funds aligned to Dynamic Planner's asset allocation for risk profiles 3 to 7
- Investment expertise of our actively managed in-house fund range and the passive range managed by Vanguard
- More than a decade of proven capability in risk-targeted fund management
- Ready-made, cost effective solutions delivering ongoing suitability for your clients
- Long track record in active fund management delivering returns through challenging environments
- Canada Life Investments review and, if necessary, rebalance each risk profiled portfolio on a daily basis to ensure it achieves its aims and risk-profile allocations.

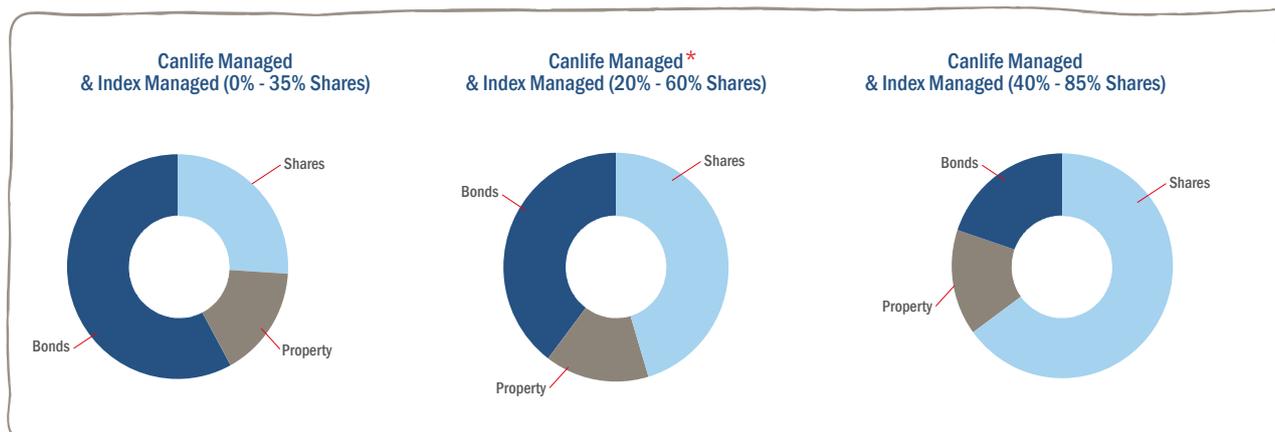
Canada Life Risk Managed Funds

Risk-managed funds have the freedom to adjust their asset allocation to meet the prevailing market conditions and views of the fund managers' thereby maximising growth opportunities.

Each of our multi-asset solutions has been designed to serve a different requirement within an investment portfolio. These strategies can sit at the core of a portfolio, acting as a single, highly diversified holding that aims to achieve stable, long-term growth. Or they can help to reduce volatility and produce smoother, overall returns.

Our multi-asset risk managed solutions consist of six funds and have varying degrees of equity exposure and therefore risk.

There are three **index managed** funds made up of a basket of index-trackers from Vanguard, plus CLI's direct property and money funds, together with three **actively managed** funds invested in a range of in-house Canada Life Investments funds.



The risk managed funds have varying degrees of equity exposure and therefore risk. The charts above show target asset allocations.

*Coming soon.

Note

Both the risk-targeted and risk-managed funds may invest partly in Canada Life property funds which may not be readily saleable. Property funds can be subject to wide price spreads, which can impact the value of the fund.

Canlife UK Property Fund

Canlife UK Property

The fund aims to deliver long-term income returns and capital growth by investing primarily in a diversified portfolio of UK commercial property, selected from across retail, office, industrial and other sectors, including leisure and hotels.

Access to the market

Unlike bonds and equities, property remains a relationship-driven market. Over a number of years, Canada Life Investments have built up a significant network of contacts and agents, which enables them to effectively evaluate the opportunities available in the market. They also ensure that they foster and engage with their tenant base, which enables them to understand any potential demand/supply imbalances which may offer opportunities for value creation.

Active asset management

As well as an award-winning fund management team, Canada Life Investments also adopt a hands-on approach, actively managing properties through their in-house asset managers. Ultimately, client and tenant services is at the forefront of their business and they believe that their ability to manage these functions in-house generates significant added-value.

Note

Property held in Canada Life property funds may not be readily saleable. This means that investors in property funds may not always be able to realise their investments when they choose. In such cases Canada Life may postpone the encashment of the units in the fund by up to six months. The value of property is generally a matter of a valuer's opinion rather than fact. Costs of buying and selling real property are generally much higher than for other types of assets. Property investments may be subject to significantly wider price spreads than bonds and equities which could affect the valuation of the fund by up to 8.00%.

Our Guaranteed Income solution



A Guaranteed Income on its own or combined with any of our investment solutions – Core or Governed



For those clients that have reached age 55, we also offer the option to purchase a guaranteed income for life, via an annuity. This can be held in TRA either on its own or combined with any of our investment ranges – Core or Governed.

How can a guaranteed income help your clients?

The solution allows your clients to purchase an income using their pension monies and invests this in the same way as a standard annuity to provide your clients with a lifetime guaranteed income.

Your clients can buy guaranteed income in stages or in one go and that income can either be level, escalating up to 10% or linked to the retail prices index (RPI). Income is paid in arrears and can be selected on either a monthly, quarterly or yearly basis.

The calculation of income is the same as that used for an annuity, where the income amount will be dependent on the amount of pension monies used to purchase the income, and is underwritten to take account of their age, health and personal circumstances.

Where the Guaranteed Income option in TRA differs from a conventional annuity is that it allows your clients the option to defer taking income. They can reinvest the income back into any of the funds from the Core or Governed range or hold the income within the cash account to release when needed.

In addition to providing a guaranteed income for life, your clients can also set the death benefits to provide a money back guarantee, an income guarantee or a dependants' income.

Features

- **Competitive rates** – based on post code, health and lifestyle (impaired and enhanced rates)
- **Income increase** - Fixed increases up to 10% (1% increments) or linked to RPI
- **Dependants' income** – 50%, 66%, 75% or 100% of annuitants income (payable only to a named dependant)
- **Income guarantee** – up to 30 years (whole years). Payable only to named dependant if combined with dependants' income. Income guarantees are also fully commutable.
- **Money back guarantee** – single life and joint life second death basis. Up to 100% of the purchase price. Payable to named dependant or other beneficiary. Money-back guarantees have the added advantage of being retained within TRA beneficiary's drawdown, putting your clients in control over the level and timing of any benefit taken for greater tax-efficiency and flexibility.

Our Protected Solution



The Index Managed (80% Protected) fund is exclusive to TRA and features a protection mechanism we believe is unique in a UK pension.



Within our Core range we offer a fund with a degree of capital protection, known as the Index Managed (80% Protected) Fund.

How can the Index Managed (80% Protected) fund help your clients?

The fund is designed so that the unit price never falls below 80% of the highest unit price the fund has ever achieved*. This cushioning against major falls in value enables clients to be more confident in managing retirement income.

The fund was developed in partnership with Morgan Stanley and provides clients with the prospect of investment growth, 80% capital protection and volatility control at 8% (without risk of 'cash lock'). It is only available through TRA.

The fund is made up of three components:

- A basket of index funds (the risk asset) – The risk asset provides the growth and invests in a multi-asset passively managed portfolio of exchange traded funds provided by Vanguard and iShares
- A volatility mechanism automatically capped at 8% – in volatile markets, the fund reduces its exposure to volatile assets like equities and moves into more stable assets like cash
- Capital protection at 80% of the highest ever unit price - A 'put option', which is provided by Morgan Stanley and is used to ensure that the fund's unit price can never fall below 80% of the highest price ever attained.

*The 80% protection is not guaranteed, because Morgan Stanley could fail.

The Governed range



A range of funds hand-picked using Square Mile's fund performance monitoring and Canada Life's Investment Committee.



Our Governed range is made up of a broad selection of single asset/strategy and multi-asset funds provided by leading asset managers across the market. The range has been constructed using a robust governance framework, with investment expertise provided by external specialists Square Mile Investment Consulting and Research. Ongoing governance and monitoring are provided by Square Mile and Canada Life's Investment Committee.

Who are Square Mile?

Square Mile is an independent investment research business that works in partnership with regulated professional financial services firms. They help advisers to develop informed investment recommendations so that, with their support, their clients can make the decisions that are right for them.



- Square Mile offer independent research across the investment market to enable them to choose the most appropriate funds.
- Their experienced team spend their time researching, analysing and assessing funds and their managers to understand exactly what each fund is trying to achieve and they seek to establish how the funds meet their objectives through differing market and economic cycles.
- They work in the heart of the fund management community; meeting with managers regularly throughout the year to ascertain how they believe their funds will perform. They listen, observe, test, challenge, discuss, deliberate and form opinions. They do not expect that a fund will meet its objectives through all market and economic cycles but that a manager will deliver over the longer term.
- Finally, they publish their research and their views. These are based on clearly articulated outcomes and objectives, from which adviser firms can identify suitable funds to meet the needs of their clients.

The selection process

Canada Life worked in collaboration with Square Mile using a specific set of selection criteria:

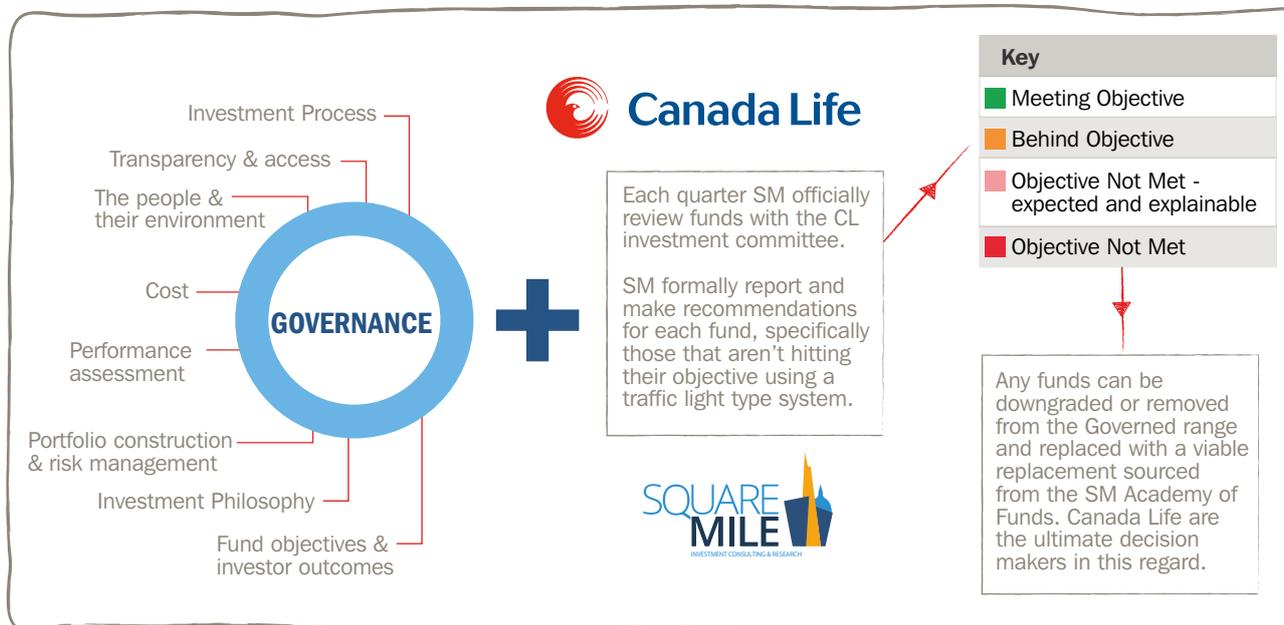
- Funds were selected from Square Mile's Academy of funds which are sourced after extensive investment research
- The range covers most of the major sectors and incorporates both active and passive choices
- Multi-asset options complement those already available in the Core range
- Funds will have clearly articulated objectives, from proven investment specialists and offer good value for money
- Fund outcomes will include capital accumulation, income, capital preservation and inflation protection

The research and selection process

Square Mile (SM) use both quantitative and qualitative assessment, but place a larger emphasis on in-depth qualitative research so they can really get under the skin of the funds they research. This entails looking at:

How will the funds be governed?

Governance will take place between Square Mile (SM) and Canada Life.



Review Process

Square Mile will review the funds within the Governed range each quarter working with the Investment Committee within Canada Life. These reviews will focus on checking that the investment process remains unchanged, assessing performance and understanding return drivers. Square Mile will then formally report to the investment committee and make appropriate recommendations for each fund, specifically those that are underperforming their objective. A red/amber/green marker will be shown against each fund to show how well or otherwise it is doing against its stated objectives. Canada Life and representatives from Square Mile will meet regularly.

There will be times of course when funds need to be downgraded, reassessed or removed altogether from the governed range, for example the fund manager leaving, corporate activity, market changes or the fund isn't meeting its objectives. Canada Life will work with Square Mile to collectively agree a replacement where a fund is consistently missing its objective or is no longer appropriate for the target customer. Funds removed from the governed range will initially remain open with the Canada Life Investment Committee conducting a quarterly performance review which may ultimately lead to full fund closure.

Choosing the right Investment Strategy



Our Investment fund range aims to offer a solution with your clients' needs in mind.



Whether it's a simple low cost solution, guaranteed income, a competitively priced range of funds or a wider suite of investment funds we have the solution.

Centralised Investment Proposition vs Centralised Retirement Proposition

Our Investment solutions can be mixed and managed at no extra charge. Guaranteed Income can also be used alongside any of the investment solutions. It is also possible to have different investment strategies for both the accumulation and decumulation parts of the plan, creating opportunities to build separate centralised investment propositions (CIPs) and centralised retirement propositions (CRPs).

Reducing retirement income risk

There are various ways you can do this within TRA, you can elect to have a risk targeted fund, which keeps your clients within their chosen risk level, however, income is reliant on investment performance in terms of sustainability.

The guaranteed income option can produce a guaranteed income stream for your clients, as part of their investment strategy at any stage of their retirement journey.

The Index Managed (80% Protected) Fund allows you to take advantage of market upswings while protecting investments from market declines and volatility.

Working with you

TRA offers a range of investment solutions designed to support you, the professional adviser and your clients in meeting their long terms objectives. Each of our offerings has been built for a purpose, whether that's as a portfolio solution or it sits at the core of a portfolio solution. We offer access to funds that aim to provide long-term growth or access to a specific global market or sector.

Contact us

Interested in the Retirement Account for your clients? Our sales team will be happy to support you further either over the phone or face to face.

You can also speak to our technical support team any time, and access sales aids, client brochures and video guides at canadalife.co.uk/adviser/retirementaccount

Call: 0800 912 9945

Email: sales.ra@canada-life.co.uk

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