

Great-West Life participating account – public bond holdings

Investment details

at June 30, 2018

Portfolio size: \$2,257.9 million

Proportion of total assets of the Great-West Life participating account: 45.5 per cent

Investment guidelines

Publicly traded bonds are managed by a specialized public bond unit located in Winnipeg. The guidelines are to invest in high-quality investment grade bonds. Diversification is maintained by sector, geography and by issuer. Public bonds support the long-term stable growth and core guarantees within participating policies and provide liquidity.

Investment mix

at June 30, 2018

	\$ Millions	Percentage
Public bonds		
Government	\$905.0	40.1%
Corporate	\$1,353.0	59.9%
Total public bond assets	\$2,257.9	100.0%

Investments by term

at June 30, 2018

	\$ Millions	Percentage
Years to maturity		
0 to 5 years	\$917.7	40.6%
More than 5 years	\$1,340.3	59.4%
Total	\$2,257.9	100.0%

Investments by quality

at June 30, 2018

Rating	Percentage
AAA	34.2%
AA	22.3%
A	24.3%
BBB	19.2%
BB or less	0.0%

Corporate bonds by sector

at June 30, 2018

Sector	Percentage
Banks	17.3%
Real estate and construction	14.1%
Asset-backed securities	12.9%
Utilities	11.9%
Industrial products	11.9%
All other sectors	32.0%

Note: Throughout the report, totals may not add up to 100 per cent due to rounding

Great-West Life participating account – public bond holdings

Major holdings at June 30, 2018

	Percentage of public bond holdings	Percentage of total participating assets
Government of Canada	23.1%	10.5%
Province of British Columbia	2.9%	1.3%
Bank of Montreal	2.6%	1.2%
Bank of Nova Scotia	2.6%	1.2%
Toyota Motor Credit Corporation	2.0%	0.9%
Province of Ontario	1.9%	0.9%
Toronto-Dominion Bank	1.8%	0.8%
CNH Capital Canada Receivables Trust	1.6%	0.7%
OMERS Realty Corporation	1.6%	0.7%
TMX Group Limited	1.5%	0.7%
Total major holdings	41.7%	18.9%

Historical average returns at Dec. 31, 2017

	1-year (2017)	2-year (2016–2017)	3-year (2015–2017)	4-year (2014–2017)	5-year (2013–2017)	10-year (2008–2017)
Public bonds and private placements	3.2%	3.6%	3.9%	4.0%	4.1%	4.8%
Five-year GICs	1.4%	1.4%	1.4%	1.6%	1.6%	1.8%
Government of Canada five- to 10-year bonds	1.6%	1.3%	1.3%	1.4%	1.5%	2.1%

Performance data are provided for illustrative purposes only and represent past performance, which is not necessarily indicative of future performance.

The return on the bonds of the participating account reflects the return on the bond assets backing liabilities and surplus, after investment expenses are deducted. With the exception of unrealized gains and losses on bonds, which are excluded because bonds in the participating account are generally held until maturity, the return on the bonds of the participating account is in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), effective Jan. 1, 2011.

The return on the bonds contributes to the overall investment performance of the total participating account.

Five-year guaranteed investment certificate (GIC) returns are based on the nominal yields to maturity taken from Statistics Canada, CANSIM table 176-0043, series V122526 (Statistics Canada website) Jan. 3, 2018. For each calendar year, the average of the monthly GIC rates was used.

Government of Canada five- to 10-year bond returns are taken from Statistics Canada, CANSIM table 176-0043, series V122486 (Statistics Canada website) Jan. 3, 2018. For each calendar year, the average of the monthly values was used.