

Investment details

at June 30, 2018

Portfolio size: \$1,200.3 million

Proportion of total assets of the Great-West Life participating account: 24.2 per cent

Investment guidelines

Commercial mortgages are managed by a specialized mortgage area located in Winnipeg, with six regional offices located in major centres across Canada. The guidelines are to acquire high-quality mortgages that meet our underwriting standards and diversification criteria. The diversification criteria cover sector, geography and issuer.

Residential mortgages are managed by the specialized mortgage area located in Winnipeg. These mortgages are largely originated as a result of referrals by the insurance sales force. A smaller portion of the residential mortgages is purchased wholesale from third parties.

Investment mix

at June 30, 2018

	\$ Millions	Percentage
Residential mortgages		
Insured	\$110.3	9.2%
Uninsured	\$241.0	20.1%
Total residential	\$351.3	29.3%
Commercial mortgages		
Insured	\$212.3	17.7%
Uninsured	\$636.7	53.0%
Total commercial	\$849.0	70.7%
Total mortgage assets	\$1,200.3	100.0%

Investments by term

at June 30, 2018

	Residential		Commercial	
	\$ Millions	Percentage	\$ Millions	Percentage
Years to maturity				
0 to 5 years	\$350.3	99.7%	\$341.6	40.2%
More than 5 years	\$1.0	0.3%	\$507.4	59.8%
Total	\$351.3	100.0%	\$849.0	100.0%

Investments by location

at June 30, 2018

Location	Percentage
Ontario	41.9%
British Columbia	16.1%
Alberta	15.9%
Quebec	12.2%
United States	3.9%
All other locations	10.0%

Investments by sector

at June 30, 2018

Sector	Percentage
Single family	29.3%
Retail & shopping centre	24.3%
Multi-family residential	22.3%
Office buildings	14.5%
Industrial buildings	7.0%
All other sectors	2.6%

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

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)
Mortgages	3.3%	3.7%	3.9%	4.0%	4.1%	4.7%
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 mortgages of the participating account reflects the return on the mortgage assets backing liabilities and surplus, after investment expenses are deducted. The return on the mortgages 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 mortgages 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.