CAN Diversified Fixed Income Allocation 75/100 (PS1)

July 31, 2026

This segregated fund, through investments in other funds, invests primarily in Canadian fixed-income securities. It targets an asset mix of 100 per cent fixed income.

Is this fund right for you?

- A person who is investing for the medium to longer term, wants exposure to multi-managers in one fund with a target of 100 per cent invested in fixed income and is comfortable with low risk.

RISK RATING

LOW MODERATE HIGH

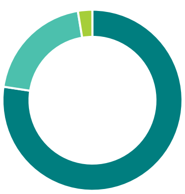
Fund category
Canadian Core Plus Fixed Income

Inception date
November 04, 2019

Management expense ratio (MER)*
1.66%
(December 31, 2024)

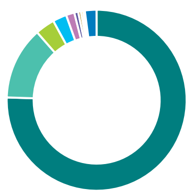
Fund management
Portfolio Solutions Group

How is the fund invested? (as of June 30, 2026)



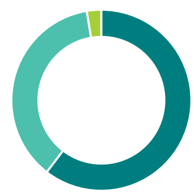
Asset allocation (%)

Domestic Bonds	77.4
Foreign Bonds	20.0
Cash and Equivalents	2.6



Geographic allocation (%)

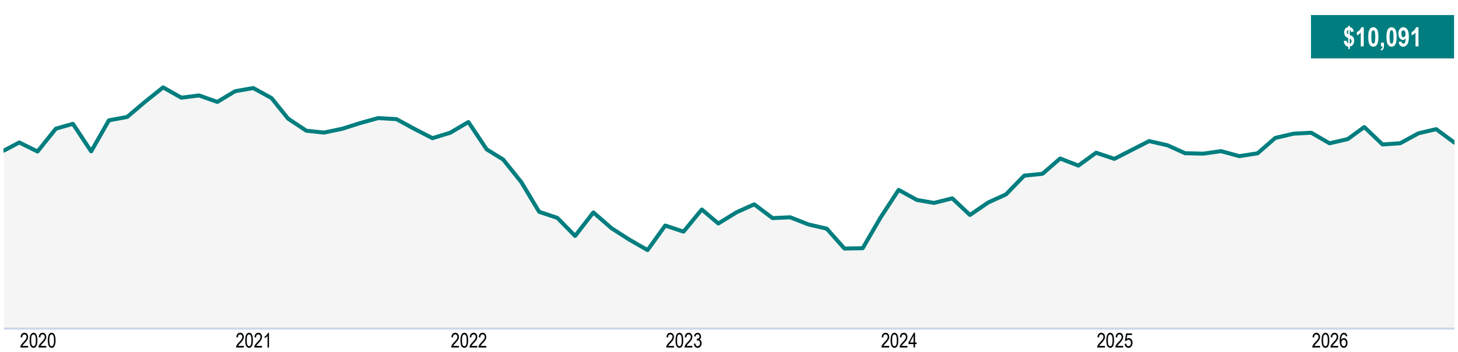
Canada	75.5
Multi-National	13.0
United States	3.5
North America	2.5
Europe	1.5
Japan	0.7
Norway	0.5
United Kingdom	0.4
Germany	0.3
Other	2.1



Sector allocation (%)

Fixed Income	60.4
Mutual Fund	37.0
Cash and Cash Equivalent	2.6

Growth of $10,000 (since inception)



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Fund details (as of June 30, 2026)

Top holdings	%
Canadian Core Fixed Income	37.0
Mackenzie Unconstrained Fixed Income Fund A	5.5
Canada Life Global Multi-Sector Bond Fund A	5.0
Private Credit (N)	2.5
Canada Life Global Inflation-Linked Fixed Income S	2.5
OVERNIGHT DEPOSITS	1.9
Ontario Province 3.95% 02-Dec-2035	1.7
Canada Government 3.50% 01-Dec-2057	1.5
Canada Government 3.25% 01-Jun-2035	0.9
Quebec Province 4.40% 01-Dec-2055	0.8
Total allocation in top holdings	**59.3**

Portfolio characteristics	
Standard deviation	4.90%
Dividend yield	4.58%
Yield to maturity	-
Duration (years)	-
Coupon	-
Average credit rating	-
Average market cap (million)	$35,210.5

Understanding returns

Annual compound returns (%)

1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
-1.50	**0.07**	**0.08**	**1.56**	**3.30**	**-0.55**	**-**	**0.13**

Calendar year returns (%)

2025	2024	2023	2022	2021	2020	2019	2018
1.79	**3.71**	**5.27**	**-12.14**	**-3.62**	**7.27**	**-**	**-**

Range of returns over five years (December 01, 2019 - July 31, 2026)

Best return	Best period end date	Worst return	Worst period end date	Average Return	% of periods with positive returns	Number of positive periods	Number of negative periods
0.14%	**March 2025**	**-1.51%**	**July 2025**	**-0.60%**	**4.76%**	**1**	**20**

Net assets (million)
$71.4

Price
$10.09

Number of holdings
1437

Minimum initial investment
$500
A minimum $500,000 in eligible assets required forpreferred pricing. (refer back to info folder for eligible assets)

Fund codes

FEL – CLGC028E

DSC^ – CLGC028F

CB2 – CLGC028R

CB4 – CLGC028G

Contact information

Customer service centre

Toll free:
1-888-252-1847

Corporate website:
canadalife.com

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Q2 2026 Fund Commentary

Commentary and opinions are provided by Portfolio Solutions Group.

Market commentary

Global financial markets spent the second quarter looking past geopolitical uncertainty and refocusing on corporate earnings. Early in the quarter, conflict in the Middle East raised concerns about global energy supplies and renewed inflationary pressures. As tensions eased and the risk of a prolonged disruption to energy flows through the Strait of Hormuz diminished, investor sentiment improved. Markets quickly concluded that the geopolitical shock was unlikely to derail the global earnings cycle. Attention returned to resilient corporate earnings, continued investment in artificial intelligence (AI), and a global economy that, while moderating, continued to expand. All returns are in Canadian-dollar terms and on a total-return basis.

Global equities generated strong returns, with the MSCI World Index gaining 15.6%, significantly outperforming the FTSE Canada Universe Bond Index, which returned 2.0%. Improving investor confidence and a stronger earnings outlook supported equity markets as concerns over an extended energy shock faded. Continued investment in AI infrastructure remained a powerful driver of returns, supporting companies across the semiconductor, software and data centre ecosystem.

Regional performance reflected differing sector exposures and economic fundamentals. U.S. equities led developed markets on the back of resilient earnings growth and continued strength in technology and industrials. Emerging markets were the strongest-performing region, returning 26.1%, as Taiwan and South Korea benefited from sustained demand for AI-related semiconductors and advanced technology hardware. Canadian equities gained 7.0%, supported by strong advances in financials and industrials, although weakness in the energy and materials sectors limited broader market performance.

Fixed income delivered positive, though more modest, returns. Lower oil prices reduced concerns about a sustained inflation shock, but resilient economic data tempered expectations for significant interest rate cuts. Corporate bonds outperformed government bonds as credit spreads narrowed and investor confidence improved.

The second quarter reinforced an important lesson for investors. Financial markets can recover quickly from geopolitical shocks when the long-term drivers of earnings remain intact. That does not mean the underlying challenges have disappeared. Trade uncertainty, elevated equity valuations and the need for continued earnings growth remain important considerations. While the immediate risks have eased, that distinction is likely to remain important through the second half of the year.

Performance

The allocation to Canadian Fixed Income, Global Multi-Sector Bond and Foreign Bond contributed to performance.

The off-benchmark allocation to Private Credit detracted from performance because of manager selection.

Portfolio activity

There were no positions added, increased, exited or reduced during the quarter.

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Outlook

The third quarter of 2026 begins with markets having moved quickly from crisis pricing to relief pricing, as the immediate risk of a severe energy shock has faded following a fragile U.S.-Iran agreement and reduced concern over prolonged disruption through the Strait of Hormuz. Relief is warranted, but not complacency. Energy systems take time to normalize, with tanker positioning, insurance markets, inventories, production capacity and Qatari natural gas supply still working through the after-effects of the shock. Lower oil prices should help headline inflation and ease some pressure on central banks, but inflation pass-through may still appear with a lag in areas such as airfares, electricity, food and fertilizer. As a result, central banks remain cautious: the Bank of Canada is likely boxed into a hold given weak growth but persistent wage and productivity pressures, while the U.S. economy has not yet made a convincing case for U.S. Federal Reserve Board rate cuts.

Against that macroeconomic backdrop, earnings remain the key source of market validation, and AI continues to dominate the investment narrative. The AI buildout is real, supporting capital spending, semiconductors, data centres, power infrastructure, hardware, software and parts of global trade, particularly in Asia. However, the quality of reported earnings deserves more scrutiny. Some recent earnings strength may reflect unrealized mark-to-market gains on AI-related equity stakes rather than recurring operating profits, creating the risk of a circular feedback loop between public valuations, private valuations and reported earnings. We remain constructive but more selective: favouring U.S. equities while avoiding excessive concentration in the narrowest AI leaders, staying underweight Canada and developed international equities, and maintaining selective exposure to emerging markets tied to the AI supply chain.

Fixed income duration remains useful as a stabilizer. Credit requires caution, and alternatives continue to play an important role in providing diversification, liquidity and flexibility as markets test whether AI strength, lower inflation and easier energy conditions can justify already elevated expectations.

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There can be no assurance that the Fund’s return or volatility targets will be met, or met over any particular time horizon. Targeted returns and volatility should be evaluated over the time period indicated and not over shorter periods. Targeted returns are not actual performance and should not be relied upon as an indication of actual or future performance.

This fund is available through a segregated funds policy issued by Canada Life.

A description of the key features of Canada Life's individual variable insurance contract is contained in the information folder, available from your advisor. **Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.**

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*For Partner series and Preferred partner series an advisory and management services (AMS) fee, of between 0.50% and 1.25%, is negotiated between you and your advisor. The MER doesn't include this fee.

Canada Life is currently waiving a portion of the investment management fees on the High Interest Savings fund to target an estimated management expense ratio of 1.00%. Canada Life is not obligated to continue waiving these fees and it may cease to do so at any time without notice.

The 7-day annualized yield is based on the annualized total return of the fund over the past seven calendar days and does not represent an actual one-year return. It's important to note that 7-day annualized yield is not an indicator of future performance of the fund.

^Deferred Sales Charge (DSC) purchase option is not available for new contributions given regulatory bans that came into effect June 1, 2023. For certain policies where DSC is the only sales charge option available, new contributions may be accepted. Additional disclosure may be required.

†Soft capped - Contributions are no longer accepted to new investors., ‡Hard capped - Contributions are no longer accepted.

Distribution of the chart, history standard and short-term reports are not permitted without including the fund profile long-term report. A description of the key features of Canada Life's individual variable insurance contract is contained in the information folder, available from your advisor. Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value. A description of the key features of Canada Life's individual variable insurance contract is contained in the information folder, available from your advisor. Reports produced using this web site are for information purposes only. Canada Life and their affiliates, representatives, and third party content providers do not warrant the accuracy, completeness, or timeliness of this website or any content, and shall not be responsible for investment decisions, damages, or other losses resulting from the use of this website or its content. The only true report on unit values is the periodic statement prepared and sent by Canada Life. For more information about Canada Life and its products visit canadalife.com or talk to your advisor. In Quebec, advisor refers to a financial security advisor for individual insurance and segregated funds policies; and to an advisor in group insurance/annuity plans for group products. Funds are available through a segregated funds policy issued by Canada Life. Canada Life and design are/is a trademark(s) of The Canada Life Assurance Company.

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