

# GREAT-WEST LIFECO INC.

THE  
**Great-West Life**  
ASSURANCE  COMPANY



Delivering on our Commitments  
Today and Tomorrow

Barclays Americas Select Franchise Conference 2017

London | May 17, 2017

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar expressions or negative versions thereof. These statements may include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures. Forward-looking statements are based on expectations, forecasts, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in their current state, including, without limitation, with respect to customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets, business competition and other general economic, political and market factors in North America and internationally. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2016 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", which, along with other filings, is available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

**CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES**

This document contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "operating earnings", "constant currency basis", "premiums and deposits", "sales", "assets under management", "assets under administration" and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

# Key messages

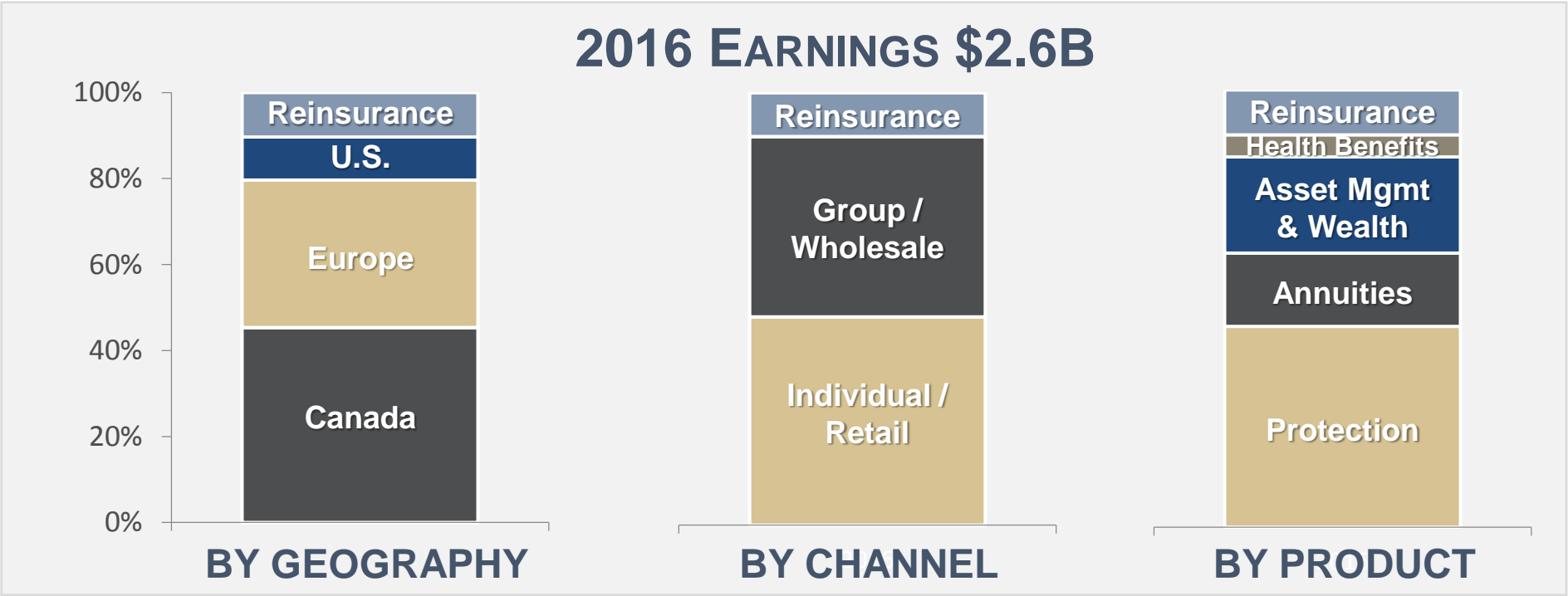
- Market leadership driven by strong business franchises and brands
- Diversified by geography, channel and product type
- Experienced and talented management team
- History of consistent execution resulting in sustained earnings growth
- Growth strategies in place; organic growth complemented by targeted acquisitions
- Strong capital base and financial flexibility
- Investments in future growth balanced with efficiency improvements

# Diversified across geographies, channels and products

EMPLOYEES	
U.S.	7,400
Europe	4,500
Canada	12,500

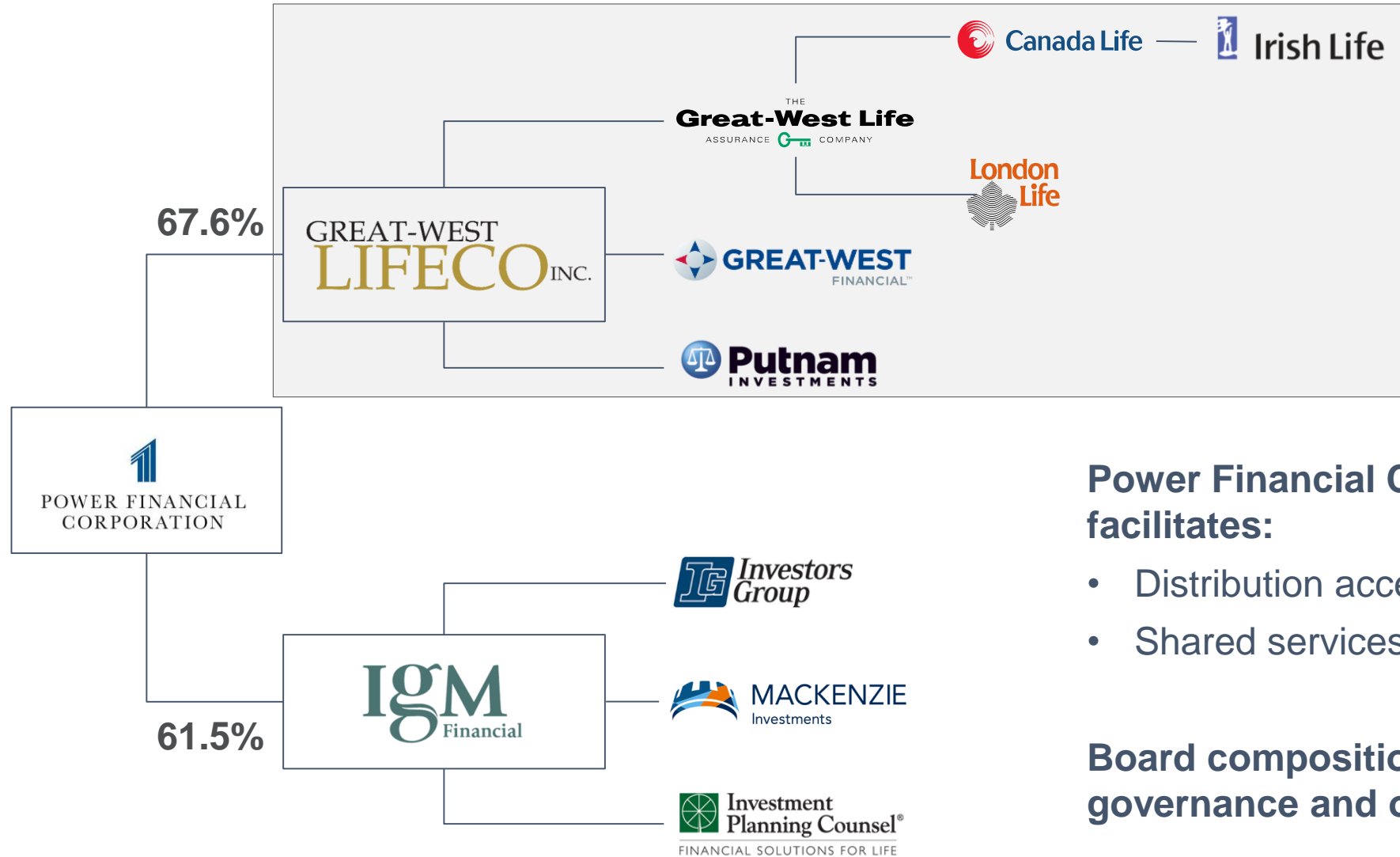
MARKET REACH	
Customers	30M
Advisors	240K

SCALE	
Benefits paid	\$28B
AUA	\$1.2T



# Significant benefits from corporate structure

(As of March 31, 2017)

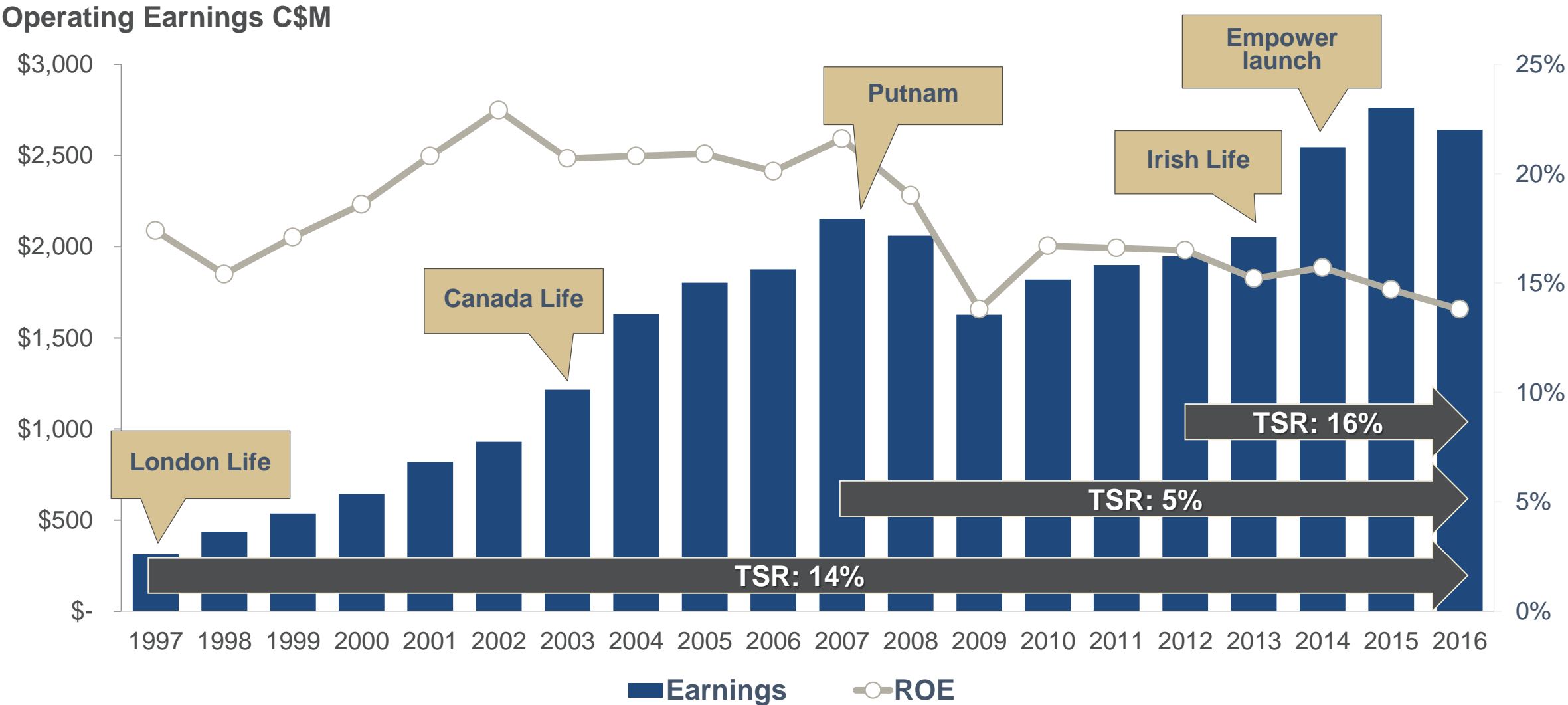


## Power Financial Corporation relationship facilitates:

- Distribution access to IGM platforms
- Shared services with IGM

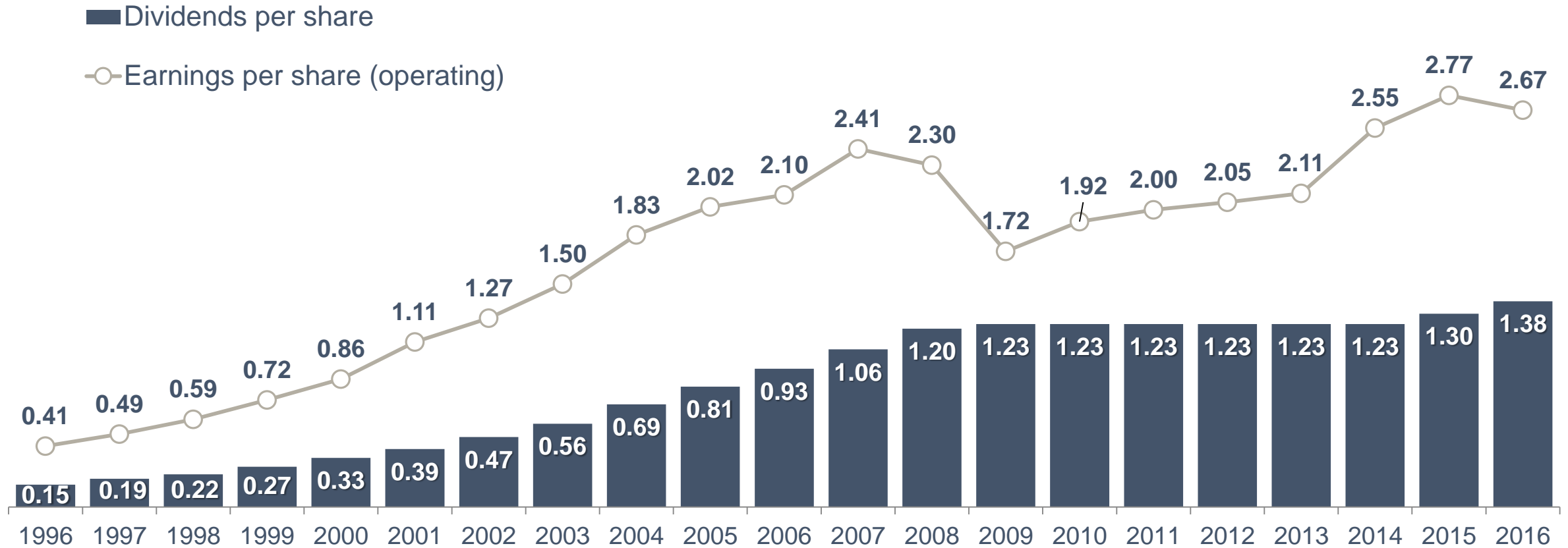
## Board composition delivers strong governance and oversight

# A history of delivering strong shareholder returns



Note: TSR denotes Total Shareholder Return

# Consistent earnings and dividend growth



Note: Earnings per share and dividends per share are in C\$ and adjusted for historical stock splits

# Returning value to shareholders<sup>1</sup>

	1996	2016	CAGR
Earnings per share	\$0.41	\$2.67	10%
Dividends per share	\$0.15	\$1.38	12%
Share price	\$5.31	\$35.17	10%
\$100 Invested <sup>2</sup>	\$100	\$1,328	14%

**Consistent shareholder returns over many years**

1. Data adjusted for historical share splits

2. Return calculation includes reinvested cash dividends for the period Dec. 31, 1996 - Dec. 31, 2016



# Key company metrics<sup>1</sup>

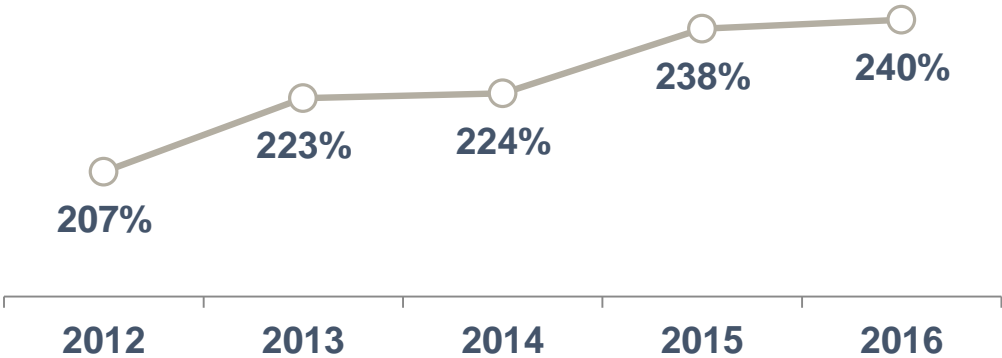
2016 Operating Earnings	\$2.6
2016 Sales	\$130
Assets Under Management	\$659
Assets Under Administration	\$1,248
Book Value per Share <sup>2</sup>	\$19.76
Market Capitalization	\$35

Holding Company Cash	\$1.1
2016 Financial Leverage	28%
Financial Strength Ratings <sup>3</sup>	
S&P	AA
Moody's	Aa3
Regulatory Capital Ratios	
MCCSR	240%
RBC	458%

1. As of December 31, 2016, in C\$billions unless otherwise indicated
2. Book Value per Common Share
3. Financial strength ratings for The Great-West Life Assurance Company

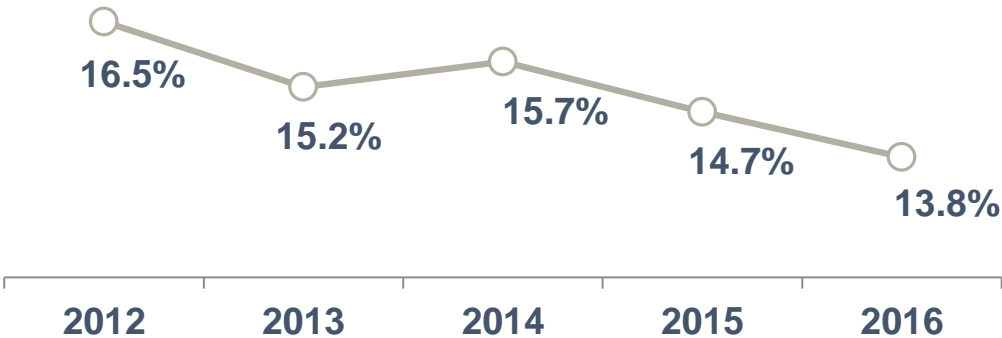
# Stable trends

## MCCSR Ratio



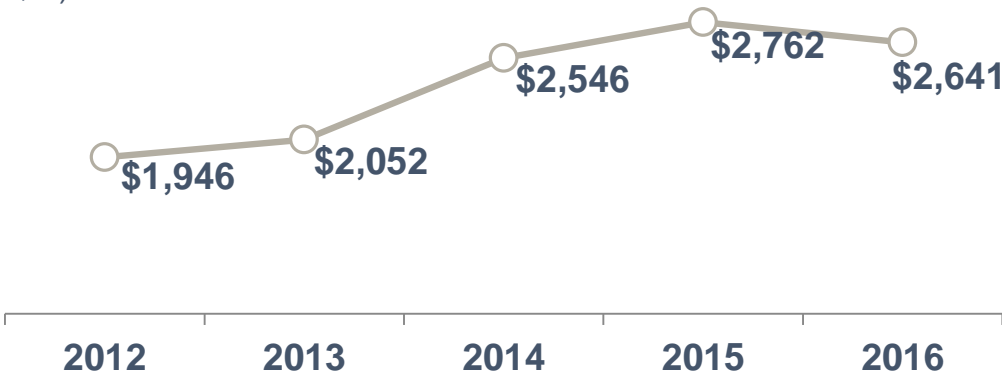
## Return on Equity

(Trailing 4 quarters )

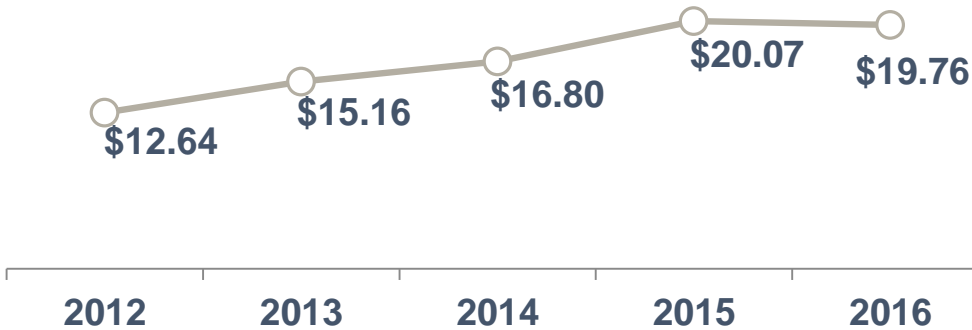


## Operating Earnings

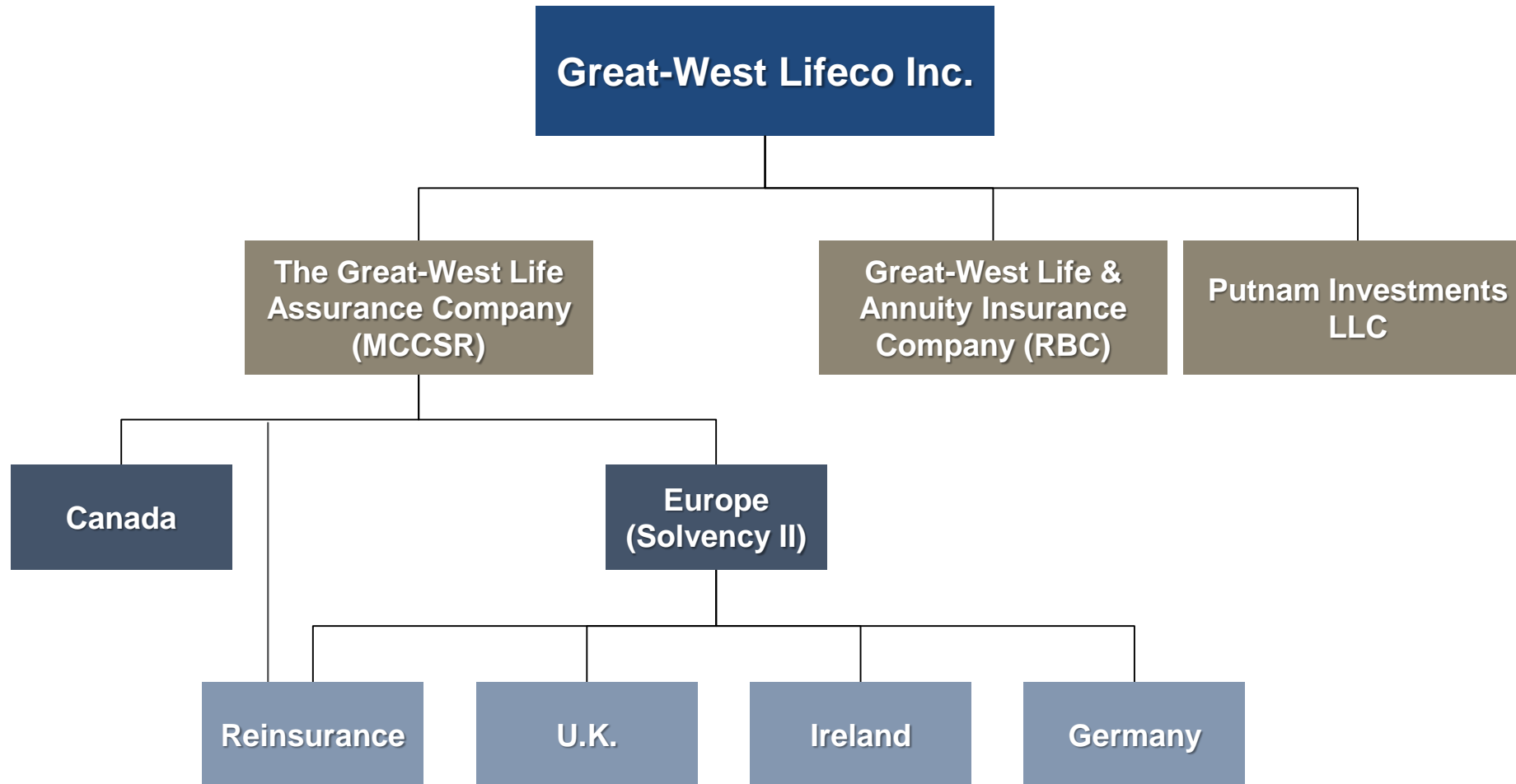
(C\$M)



## Book Value per Share

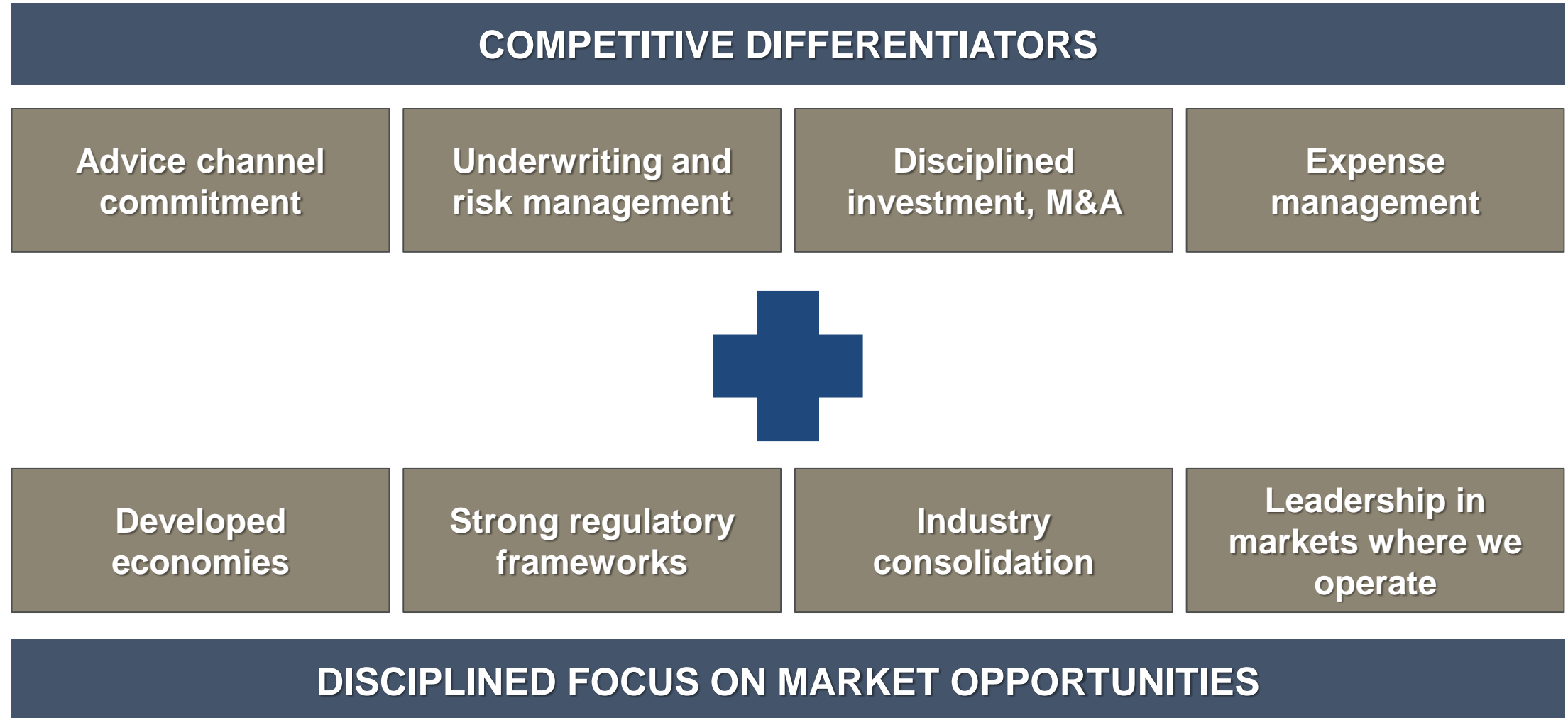


# Efficient capital structure



**Capital raised primarily at Great-West Lifeco and invested in subsidiaries**

# A differentiated business model driving stable, sustained growth



# Growth strategy

## Manage and extend the core

- Strengthen positions in targeted regions: Canada, U.S. and Europe, each with market specific strategies
- Maintain balanced portfolio: Insurance, Asset Management and Retirement
- Leverage strong brands, diverse products and substantial customer base to cross-sell and grow businesses

## Innovate to accelerate growth

- Build innovative technology solutions to enable advisors and anticipate our customers' needs
- Leverage analytics to penetrate and expand customer base
- Elevate customer experience with omni-channel marketing and digital differentiation

## Maintain disciplined capital deployment

- Deploy strong M&A capabilities to complement organic growth strategy
- Consistently grow our dividend commensurate with earnings growth and capital needs

# Culture and focus are shifting

## FROM



## TO

### **Growth and value creation**

Acquisition, synergy harvesting and expense containment

Customer acquisition and retention through service excellence and differentiation

### **Productivity focus**

Expense management; operational excellence

Competitive unit costs, continuous improvement and strategic investment

### **Technology**

Invest in support of business processes and efficiencies

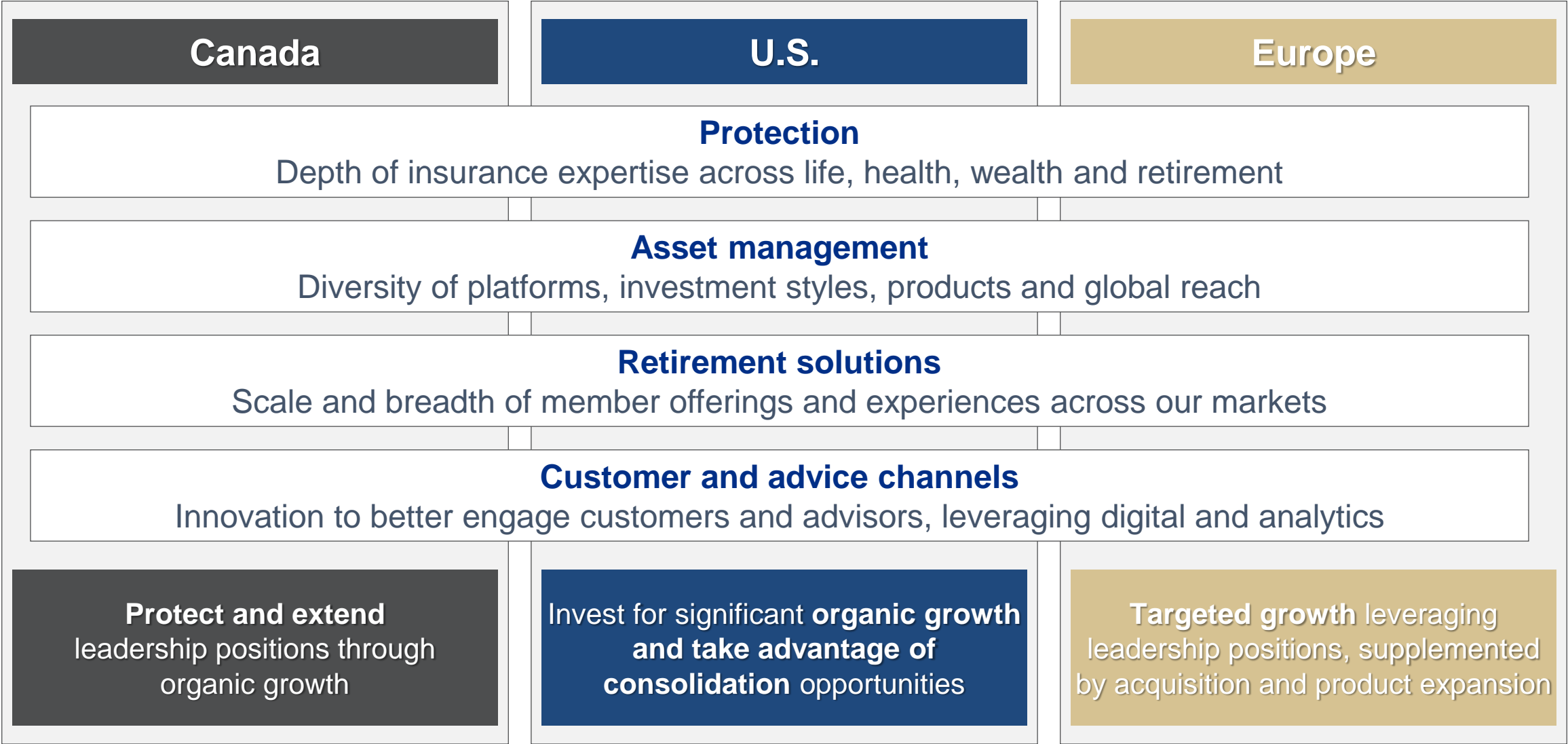
Invest in digital connections, data analytics and process excellence

### **Organizational orientation**

Regional, line of business and product focus

Collaboration across regions and business lines; outward customer / market focus

# Leveraging global strengths and capabilities to drive growth



# Protection: delivering on promises for over 30 million customer relationships

Canada

**\$9.8B** in benefits paid to clients

- \$2.4B life insurance benefits to 44K families
- Over 56M claims for more than \$4.6B in health and dental benefits
- \$1.7B disability benefits
- \$800M annuity payments
- In addition, \$1.2B participating policy owner dividends

U.S.

**\$1.0B** in benefits paid to clients

- \$790M life insurance benefits to over 4K families
- \$39M disability benefits
- \$178M annuity payments

Europe

**\$3.9B** in benefits paid to clients

- \$1.1B life insurance benefits to over 12K families
- \$250M health benefits
- \$260M disability benefits
- \$160M critical illness benefits
- \$2.1B annuity payments





# Asset management: diverse platforms managing \$650B+





(C\$)



Note: In Canadian dollars, at December 31, 2016

\$50B of total sub-contracted to external managers. Canada Life Investments also includes funds managed by Isle of Man.

# Asset management: distribution and collaboration across countries and brands

	Canada	U.S.	Europe
			
			
			
			
			
			
			
			

- Actively promoting product offerings across platforms
- Recent developments:
  - Irish Life Investment Managers (ILIM) sold through Empower Retirement
  - Setanta through GLC
  - PanAgora through Canada Life Investments
  - Putnam through ILIM

# Putnam: focused on reaching scale in a challenging environment

## Putnam investment and distribution capabilities are strong

- Strong investment track record
- Substantial flows into alternatives
- PanAgora, a highly rated institutional platform
- Industry-leading distribution capabilities

## However, the market environment is difficult

- Strong AUM and revenue growth at Putnam stalled with the market in 2015
- Active management in net outflows across industry
- New active products competing with low-cost beta on risk-adjusted returns

## Achieving scale remains our primary objective

- Continue to position Putnam with high-quality and relevant products
- Continue to build distribution with platforms, RIAs and DC Investment Only
- Achieving scale through acquisition is a priority

# Retirement: a global growth priority

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## Canada

Enhancing sponsor and participant offerings to protect and grow existing relationships and build new ones

  
**EMPOWER**  
RETIREMENT™

## U.S.

Driving further scale and delivering revenue and cost synergies from integration to enhance the participant experience at Empower Retirement



**Irish Life**



















## Europe

Building on solid foundations, positioning Irish Life Empower as the Irish pension provider and retirement advisor of choice

**Driving common strategies across Lifeco**

- Deepening and broadening relationships with existing participants and their families
  - Assist with retirement and the transition from planning to enjoying retirement
  - Innovate on platforms and tools to improve participant experiences
- Leveraging group asset management capabilities to drive AUM growth
- Improving asset rollover retention as participants transition out of plans

# Digitally connecting to customers and advisors

	Canada		U.S.		Europe		
Key digital strategies	Individual advised	Group	Putnam	Empower	U.K.	Ireland	Germany
Digitally connect to advisors and customers							
Cross-sell to group insurance customers							
Target marketing using customer / advisor analytics							
Use social media to drive advisor productivity							

# M&A: a core competency and key element of our growth strategy

## M&A strategy

- Actively prospecting
- Bolt-on or transformational

## Acquisition targets







- Asset management
- Consolidation in the U.S. retirement marketplace
- U.K. business extension

## Execution discipline

- Experienced due diligence and integration teams
- Rigorous internal review process
- Accretive to earnings and margin

Significant capacity supported by strong MCCSR, Lifeco cash, leverage ratio in the mid-20s, receptive equity and debt markets

# M&A scorecard: strong track record of value creation

	1997	2003	2007	2013	2014	2016
						
Strategic acquisition	✓	✓	✓	✓	✓	✓
New products / services	✓	✓	✓	✓	✓	✓
New customer segments	✓	✓	✓	✓	✓	✓
New distribution channels	✓	✓	✓	✓	✓	✓
Synergies target achieved	✓	✓	✓	✓	Integration complete; transformation ongoing	Integration ongoing
EPS accretive	✓	✓	✗	✓		
ROE target achieved	✓	✓	✗	✓		



# Well positioned for future growth

## Strong performance

- Stability of businesses
- Conservative approach
- Sustained earnings growth

## Deep management team

- In-depth experience and industry knowledge
- M&A skill set

## Well-positioned portfolio

- Market leadership
- Multi-diversification
- Significant growth opportunities

## Financial strength

- Strong capital position
- Strong MCCSR
- Low leverage



# Opportunities for growth

## Potential for acquisitions in the U.S.

- Grow scale in asset management to leverage investments
- Actively participate in consolidation of retirement market

## Broaden European product offering

- Assess opportunities for broader participation in the U.K. market
- Leverage current evolution in retirement income space

## Target new market segments in Canada

- Technology and analytics to better meet customer needs
- Digital investments to enable advisors and reach under-served markets

## Further leverage current Lifeco capabilities across markets

- Asset management (e.g., ILIM wins mandate through GWF)
- Retirement income (e.g., Empower in Ireland)

# Capital deployment priorities

- Maintain strong and stable capital structure and financial flexibility
- Reinvest in Lifeco growth strategy
  - Organic growth
  - Strategic acquisitions
- Returning value to shareholders
  - Progressive dividend growth
  - Opportunistic share repurchases

# APPENDIX

# Canada overview

## Scale

AUA \$175B  
Net Earnings \$1.2B

## Relationships

Customers 13M+  
Advisors 25K+

### Individual Customer

- Individual Life Insurance, Living Benefits (Critical Illness and Disability Insurance) and Individual Wealth products
- #1 share in Individual Life Insurance sales premium
- #2 share in Living Benefits Insurance sales premium
- #1 share in Individual segregated fund sales and #2 in assets
- Access via exclusive agents, independent brokers, Managing General Agents (MGAs) and national accounts

### Group Customer

- Group Life and Health, Group Wealth and Group Creditor products
- #3 share in Group Insurance revenue premium
- #1 share in Group Creditor products
- #2 in Group cash flow sales and #1 in Group IO sales
- Group branded Great-West Life; distributed via exclusive agents, independent brokers and group benefit consultants
- Creditor branded Canada Life; distributed via retail banks

# Europe & Reinsurance overview

## Scale

AUA \$232B  
Employees 4.6K

### U.K.

- #1 Group Risk provider
- Strong position in retail payout annuities
- Leading life insurance single premium investment provider
- Growing presence in the broader retirement income market

### Ireland

- Pension, investment savings, protection products and health insurance
- #1 in Retail and Corporate
- Irish Life Investment Managers (ILIM) is the #1 institutional manager with €63B AUM
- 3<sup>rd</sup> largest Health insurance business through its Irish Life Health brand

### Germany

- Pension (including lifetime GMWB) and individual protection products
- Leading position for unit linked products sold through brokers

### Reinsurance

- Traditional and Structured Life, Payout Annuity and Property Catastrophe
- A diversified portfolio written to 3<sup>rd</sup> party insurance companies, predominantly in the U.S. and Europe

£40B AUA

3.4M Customers

1,100 Employees

## Group Risk

- Life Insurance, Disability Income and Critical Illness benefits
- Award winning #1 Group provider
- Market share
  - 23% Premium
  - 24% Lives
  - 31% Plans

**Legislative changes driving growth in penetration**

## Payout Annuity

- Payout annuities sold to provide guaranteed lifetime retirement income
- Top 3 provider in the open market
- Market stabilised at **£4.3B**. Expected to grow in line with overall Retirement market.

**Payout annuity market recovery post legislative changes**

## Wealth Management

### Investment Retirement products

- Near or in retirement pension & drawdown proposition.
- Growth market with projected asset flows of **£35B+** by 2023

**Legislative changes and demographics driving opportunities**

### Accumulation products

- Leading provider of investment contracts for estate planning
- Full range of mutual funds drawing on broader asset management capabilities

**Maintain and build out niche capabilities**

# Great-West Financial: well-positioned in retirement markets



	Empower	Individual Markets	Great-West Investments
Business	Retirement	Life & annuity	Asset management
Scale	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> largest record-keeper*; over 8M participants</li> </ul>	<ul style="list-style-type: none"> <li>• A leading provider of executive benefits and single premium life insurance, distributed via non-traditional channels</li> </ul>	<ul style="list-style-type: none"> <li>• \$93B in Great-West Financial AUM or Managed Accounts</li> </ul>
Offering	<ul style="list-style-type: none"> <li>• Defined Contribution record-keeping and administration</li> <li>• Individual retirement accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Life insurance, annuities, and executive benefits (BOLI/COLI)</li> </ul>	<ul style="list-style-type: none"> <li>• Internally managed and sub-advised Mutual Funds, General Account, Trusts, and Managed Accounts</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Brokers/advisors and RIAs</li> <li>• 3rd party administrators</li> <li>• Consultants</li> <li>• Direct</li> </ul>	<ul style="list-style-type: none"> <li>• Banks, independent broker dealers and RIAs</li> <li>• Affinity groups (ADA)</li> <li>• Direct</li> </ul>	<ul style="list-style-type: none"> <li>• Distributed through Empower and Individual Markets</li> </ul>

Note: AUM as of Dec. 31, 2016; figures in USD \* Based on 2015 rankings; 2016 rankings will be available in May 2017

# Putnam: globally diversified asset manager with \$152B AUM



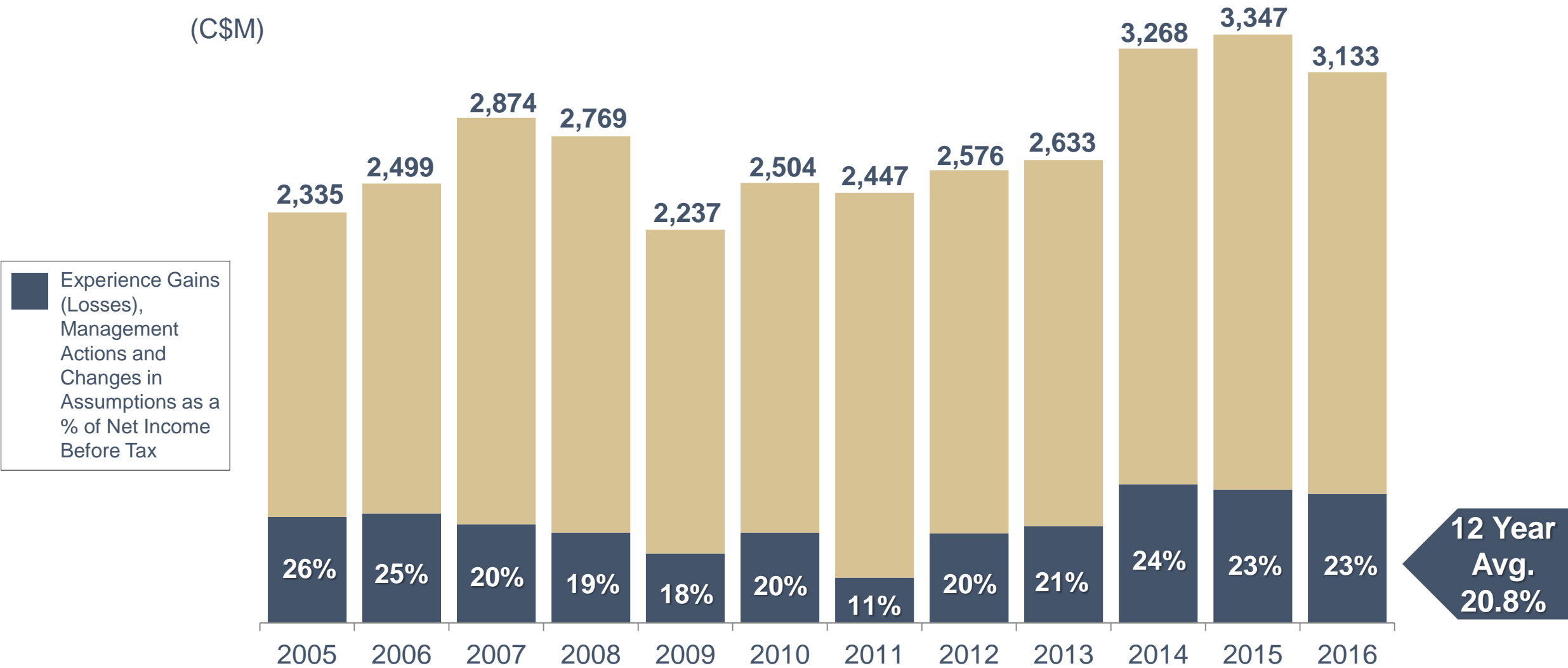
	Putnam	Putnam	PanAgora
Business	Mutual Funds	Institutional	Institutional
Scale	<ul style="list-style-type: none"> <li>• \$72B AUM</li> <li>• 158K advisors</li> </ul>	<ul style="list-style-type: none"> <li>• \$37B AUM</li> <li>• 70+ clients worldwide</li> </ul>	<ul style="list-style-type: none"> <li>• \$43B AUM</li> <li>• 150+ clients worldwide</li> </ul>
Offering	<ul style="list-style-type: none"> <li>• 80+ mutual funds</li> <li>• Fundamental approach on research and proactive view on risk</li> </ul>	<ul style="list-style-type: none"> <li>• 50 institutional strategies</li> <li>• Traditional and alternative investments</li> </ul>	<ul style="list-style-type: none"> <li>• Quantitative investment capabilities across global regions, risk levels and asset classes</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Brokerage firms and registered investment advisors (RIAs)</li> <li>• Constant Innovation to adapt – Client, Segmentation, &amp; Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Consultants</li> <li>• Corporations, government, sovereign wealth</li> <li>• DC investment only</li> </ul>	<ul style="list-style-type: none"> <li>• Many of the Top 500 plans; largest Institutional AUM pools globally</li> <li>• Consultants</li> <li>• Corporations, government, sovereign wealth</li> </ul>

Note: AUM as of Dec. 31, 2016; figures in USD



# Consistent positive experience gains contribute to earnings

(C\$M)



Note: Experience gains (losses), management actions, and changes in assumptions exclude Putnam for 2008-2012; include Putnam for 2013-2016

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