

# Canada Life to Acquire Investment Planning Counsel (IPC)

April 3, 2023



# CAUTIONARY NOTES

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This document may contain forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “will”, “may”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “objective”, “target”, “potential”, “pro forma” and other similar expressions or negative versions thereof. These statements include, without limitation, statements about: the timing (for completion and integration), cost (including integration costs) and expected benefits and performance (including impact on clients, advisors, fees, margins, assets under administration (AUA) and assets under management (AUM), revenue synergies, accretion, and expected impact on LICAT, as well as the timing thereof in each case) of the acquisition of Investment Planning Counsel (“IPC”) and sources, amounts and timing of funding therefor, statements or estimates regarding IPC’s pro forma earnings before interest, taxes, depreciation and amortization (EBITDA) for 2023, and otherwise concerning Great-West Lifeco (“Lifeco”, or the “Company”) and the operations, business, financial condition, expected financial performance, ongoing business strategies or prospects and possible future actions of the Company, The Canada Life Assurance Company (“Canada Life”) and IPC.

Forward-looking statements are based on expectations, forecasts, estimates, 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, mutual fund and wealth industries. This information has been provided to the reader to give an indication of the Company’s current expectations concerning the impact of the IPC acquisition and such statements may not be suitable for other purposes. 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. 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. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic and the effects of governments’ and other businesses’ responses to the COVID-19 pandemic on the economy and the Company’s financial results, financial condition and operations), the duration of COVID-19 impacts and the availability and adoption of vaccines, the effectiveness of vaccines, the emergence of COVID-19 variants, geopolitical tensions and related economic impacts, achievement or waiver of conditions to closing of the acquisition of IPC, assumptions around sales, fee rates, expected expense savings, asset breakdowns, redemptions and market returns as well as the ability to integrate the IPC acquisition, leverage and achieve anticipated synergies, and client and advisor behaviour, Lifeco’s, Canada Life’s and IPC’s reputation, market prices for products provided, sales levels, fee income, expense levels, taxes, inflation, interest, global equity and capital markets (including continued access to equity and debt markets), industry sector financial conditions (including developments and volatility arising from the COVID-19 pandemic), business competition, 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), changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, 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, unplanned material changes to the Company’s facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and other general economic, political and market factors in Canada and internationally. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in filings with securities regulators, including factors set out in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2022 (“2022 Annual MD&A”) under “Risk Management and Control Practices” and “Summary of Critical Accounting Estimates” and in the Company’s annual information form dated February 8, 2023 under “Risk Factors”, which, along with other filings, are 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 information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

## CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

This This document contains some non-Generally Accepted Accounting Principles (GAAP) financial measures and non-GAAP ratios as defined in National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure”. Terms by which non-GAAP financial measures are identified include, but are not limited to, “assets under administration (AUA)” and “assets under management (AUM)”. Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Refer to the “Non-GAAP Financial Measures and Ratios” section in the Company’s 2022 Annual MD&A for the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP as well as additional details on each measure and ratio.

# CANADA LIFE TO ACQUIRE IPC

## Acquisition of Investment Planning Counsel (IPC)

- Canada Life has agreed to acquire IPC, a leading independent Canadian wealth management firm, from IGM Financial Inc., for a cash consideration of \$575m
- The business has \$31B of assets under administration (AUA)<sup>1</sup>, including \$6.4B in assets under management (AUM)<sup>1</sup> and assets on IPC's portfolio management solutions platform, 650+ advisors, and ~200k clients
- Increases Canada Life's wealth management reach and scale to over 4000 advisor relationships and combined AUA<sup>1</sup> of \$85B
- Positions Canada Life among the top non-bank wealth management platforms<sup>2</sup> in Canada
- Transaction will be financed from cash on hand

## Strategic Fit and Value Creation

- Accelerates Canada Life's strategy to be the leading wealth platform for independent advisors in Canada, enabling advisors to meet their clients' diverse and changing wealth management needs
  - **Scale and reach:** Adds significant scale to Canada Life's existing platform, positioning it for strong organic growth and further market consolidation
  - **Solutions and capabilities:** Provides advisors with an expanded range of competitive product solutions to support their clients' changing needs in an evolving regulatory environment
  - **Succession and retirement:** Offers independent advisors practice management and succession support to grow their businesses and ensure a continuity of advice and service for clients
- Aligns with Great-West Lifeco's stated strategy of growing its wealth management businesses across the organization

## Key Financial Terms

- Purchase price represents 13x proforma 2023 EBITDA<sup>3</sup> of \$43m, which includes immediate expected fixed cost savings
- Modestly accretive to Great-West Lifeco EPS in 2 years
- Transaction and integration costs of \$25m (pre-tax), over 12 to 18 months after close of the transaction
- LICAT ratio impact of 3 points
- Expected to close by year end 2023, subject to customary closing conditions, including regulatory approvals

1. This metric is a non-GAAP financial measure. Additional information regarding this financial measure for Canada Life has been incorporated by reference and can be found in the Non-GAAP Financial Measures and Ratios section of the Company's 2022 Annual MD&A, available for review on SEDAR at [www.sedar.com](http://www.sedar.com). 2. Based on AUM in the case of Segregated Funds and otherwise AUA; sources noted on slide 5 3. Earnings before interest, taxes, depreciation and amortization. This is a non-GAAP financial measure which does not have a standard meaning prescribed by GAAP (IFRS) and is not directly comparable to similar measures used by other companies.

# IPC OVERVIEW

## IPC’s wealth management business at a glance

- Independent Canadian wealth management dealer with \$31B AUA<sup>1</sup>
- Diversified offering serving changing client and advisor needs:
  - **MFDA and IIROC dealers:** Scale, technology and broad range of wealth solutions across mutual fund and security dealers; aligned with changing regulatory landscape
  - **IPC One:** Advisor-discretionary portfolio management solutions
  - **Pinnacle:** Corporate branch advice model, helping advisors from growth to succession / retirement
  - National practice management and advisor coverage models

## Key Statistics – Feb 2023

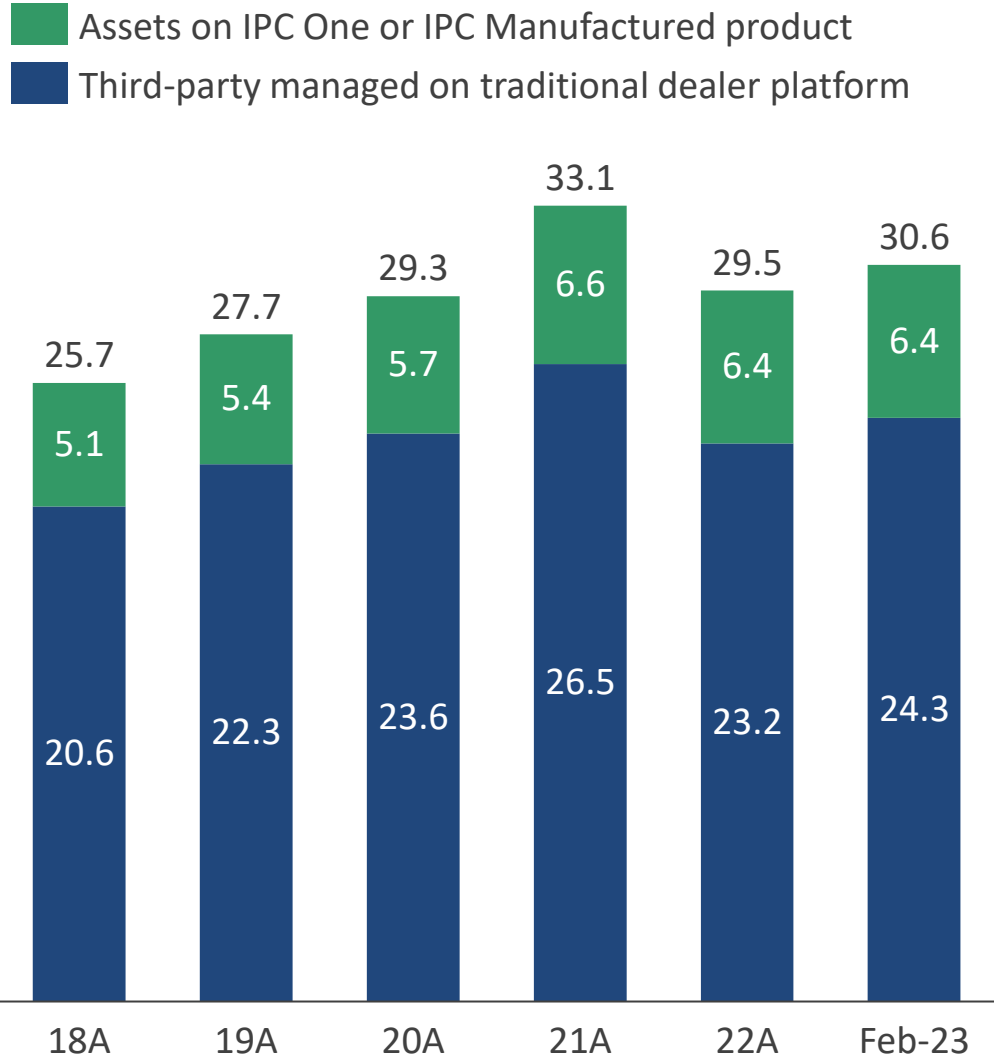
**650+**  
Independent advisors

**\$30.6B**  
AUA<sup>1</sup>

**~200k**  
Investor clients

**370+**  
Head office employees

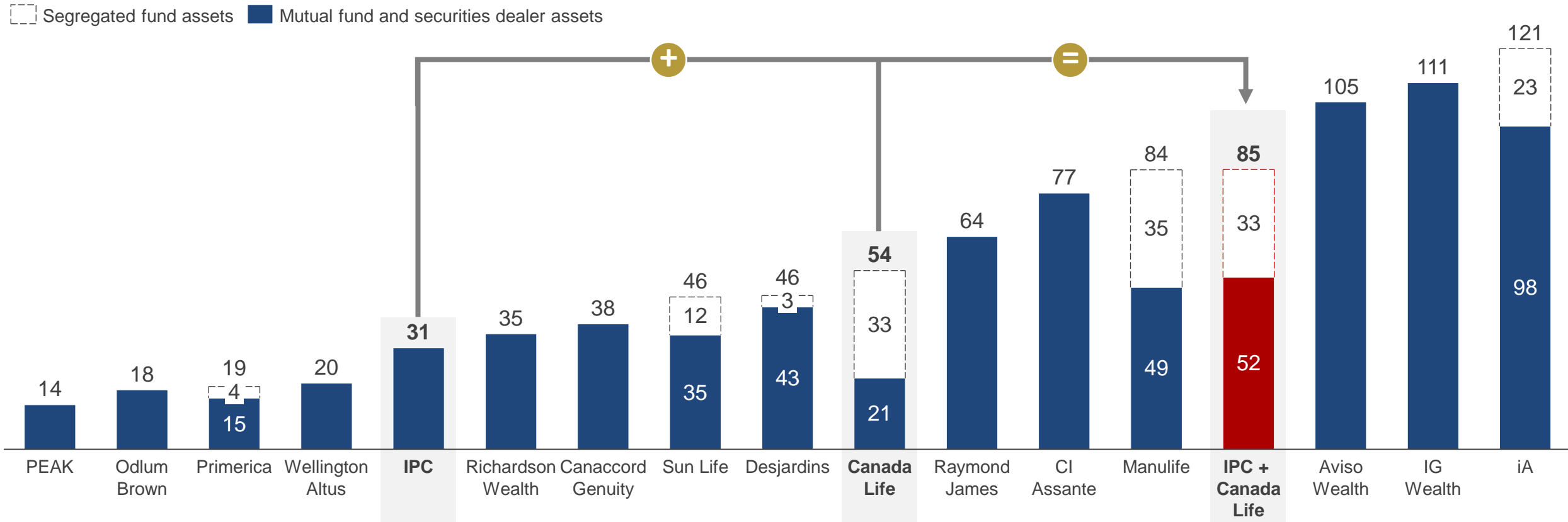
## IPC AUA<sup>1</sup>, \$B



1. This is a non-GAAP financial measure which does not have a standard meaning prescribed by GAAP (IFRS) and is not directly comparable to similar measures used by other companies.

# ADDS SIGNIFICANT SCALE, POSITIONING CANADA LIFE AMONG THE TOP NON-BANK WEALTH MANAGEMENT PLATFORMS

Select non-bank wealth management peers, by total assets under administration<sup>1</sup>, \$B



1. This is a non-GAAP financial measure which does not have a standard meaning prescribed by GAAP (IFRS) and is not directly comparable to similar measures used by other companies

\* Segregated funds expressed as Total Assets under Management (AUM)

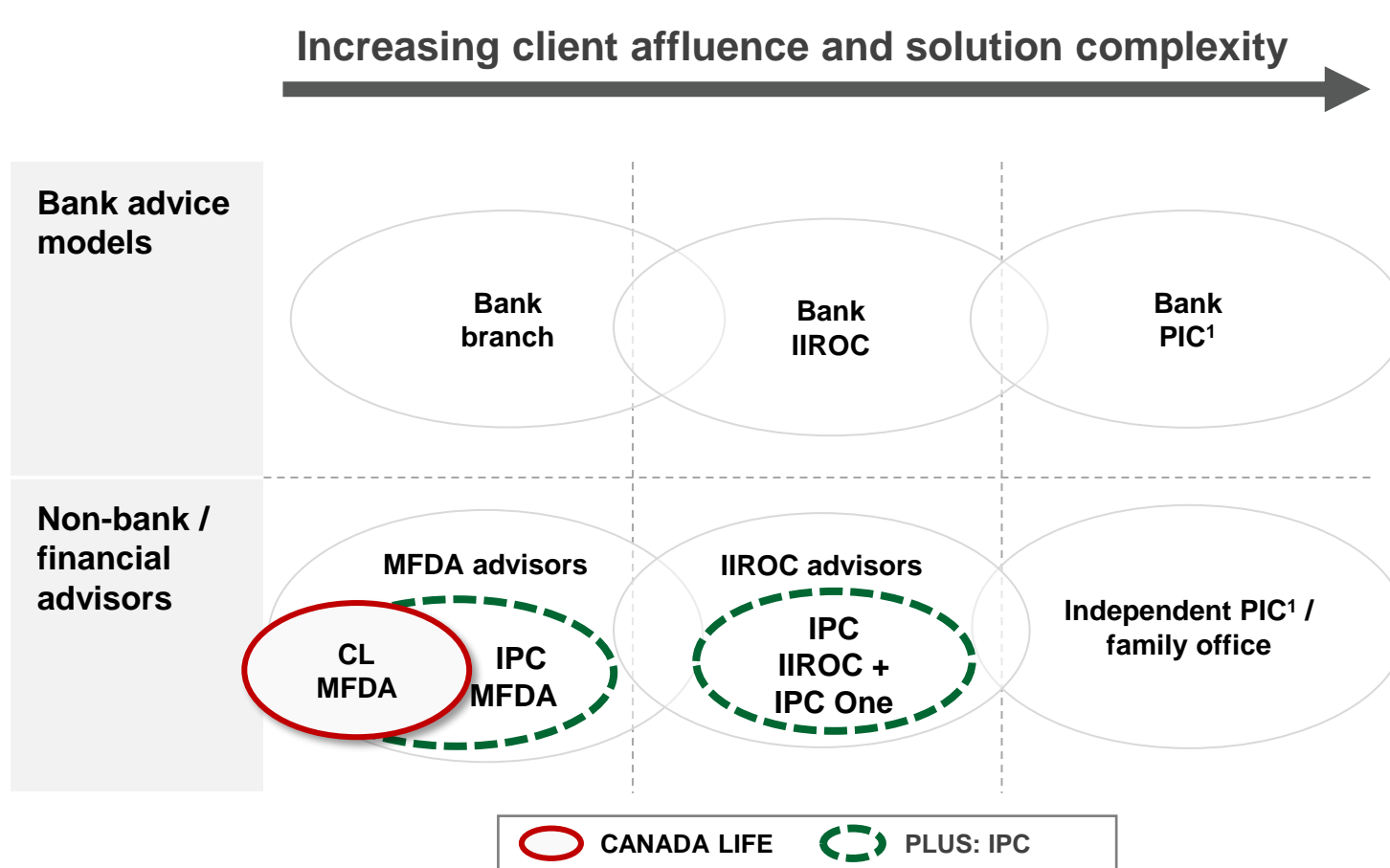
\* Richardson Wealth, Canaccord Genuity, Sun Life, Canada Life, CI Assante, Manulife, IG Wealth Management, and iA as of December 2022; IPC AUA as of February 2023

\* PEAK Financial Group and Raymond James as of September 2022; Odlum Brown, Wellington Altus, and Aviso Wealth per official websites;

\* Primerica mutual fund and segregated fund data as of December 2021; Desjardins includes Worldsource combined assets under administration as of June 2022 per November 2022 press release

Sources: Investor Economics; peers' annual reports; press releases; public corporate websites; public disclosures

# ENABLES INDEPENDENT, FINANCIAL PLANNING-LED WEALTH ADVISORS TO SUPPORT A BROADER RANGE OF CLIENT WEALTH MANAGEMENT NEEDS



- Across the wealth spectrum, Canada Life will:**
- ✓ **Mass market:** Support advisors by effectively servicing clients through scalable and digitized advice models
  - ✓ **Affluent:** Continue to build a leading destination for financial planning-led, independent advisors with investments in solutions, technology, and field support
  - ✓ **High-net-worth:** Enable advisors with solutions to support high-net-worth Canadians and business owners

**With IPC, Canada Life will expand advisors' ability to service clients across the Canadian wealth management landscape**

<sup>1</sup> PIC: Private Investment Counsel

# ELEVATES CANADA LIFE'S ADVISOR VALUE PROPOSITION ACROSS EACH STAGE OF THE ADVISOR LIFECYCLE, INCLUDING SUCCESSION AND RETIREMENT



## Scale and reach

- ✓ Recognized leadership in Individual Insurance, Segregated funds, and Group Insurance / Wealth



- ✓ Track record for recruiting top wealth-led advisors
- ✓ Recognized for independent wealth advisor value proposition



## Solutions and capabilities

- ✓ Field and practice management support, including large case insurance wholesale support
- ✓ Investment in integrated digital capabilities and experience



- ✓ Spectrum of wealth capabilities, including mutual fund, securities, and discretionary platforms
- ✓ Leading digital portfolio construction technology and experience with IPC One
- ✓ Strong wealth wholesale and practice management expertise

## Succession and retirement

- ✓ Succession, teaming, and transition support models
- ✓ Financial Solutions Centre offers advisors client support



- ✓ Succession, teaming, and transition support models
- ✓ Addition of Pinnacle Program, creating new options for retiring advisors

# ACQUISITION ENHANCES CANADA LIFE'S WEALTH STRATEGY, BENEFITING KEY STAKEHOLDERS



## Client

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- ✓ Greater access to integrated personal wealth and protection advice, a spectrum of wealth solutions to meet their needs and the digital tools to make informed decisions
- ✓ Support clients' changing needs in an evolving regulatory environment
- ✓ Advanced financial planning, with holistic advice in both Insurance and Wealth



## Advisor

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- ✓ A broader range of competitive solutions will allow advisors to grow their business and evolve with the changing needs of their clients
- ✓ Help advisors access the equity they have created in their business by providing them with succession support
- ✓ Practice management, and digital enablement support



## Shareholder

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- ✓ Strengthen margins through an expanded range of structured products, managed solutions and unique platform offerings
- ✓ Scale to improve margins, invest in additional capabilities and participate in further market consolidation
- ✓ Accelerate our strategy of supporting retiring advisor transition with scalable advice and service model



# TRANSACTION DETAILS

## Transaction Terms

- Purchase price of \$575m, subject to closing adjustments
- Purchase price represents 13x proforma 2023 EBITDA<sup>1</sup> of \$43m, which includes immediate expected fixed cost savings
- Transaction will be financed from cash on hand

## Operating Model

- IPC will continue to operate independently with its existing management team, employees and brand within Canada Life's overall wealth management platform
- Over time, we expect to migrate to one platform, creating a best of breed independent dealer, leveraging the advantages of greater scale for the benefit of clients and advisors

## Financial Impact

- IPC is profitable today and the acquisition is expected to be modestly accretive to Great-West Lifeco EPS in 2 years
- Transaction and integration costs of \$25m (pre-tax), over 12 to 18 months after close of the transaction
- LICAT ratio impact of 3 points

## Timing / Regulatory Approvals

- Transaction is expected to close by year end 2023, subject to customary closing conditions, including regulatory approvals

1. Earnings before interest, taxes, depreciation and amortization. This is a non-GAAP financial measure which does not have a standard meaning prescribed by GAAP (IFRS) and is not directly comparable to similar measures used by other companies.

# KEY TAKE-AWAYS

*With IPC, Canada Life is accelerating its vision to establish a leading wealth management platform for independent advisors and their clients*



Adds significant scale to Canada Life's existing platform positioning it for organic growth and further investment in market consolidation



Provides advisors with an expanded range of competitive product solutions to support their client's changing needs in an evolving regulatory environment



Offers independent advisors practice management and succession support to grow their businesses and ensure a continuity of advice and service for clients

GREAT-WEST  
**LIFECO** INC.

Q&A

canada ™

 Irish Life

 EMPOWER

 Putnam  
INVESTMENTS

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