

# Canada Life Canadian Fundamental Equity Fund - W



December 31, 2025

The Fund seeks to provide long-term capital appreciation by investment primarily in Canadian equity securities.

## Is this fund right for you?

- You want your money to grow over the longer term.
- You want to invest mainly in Canadian companies.
- You're comfortable with a medium level of risk.

RISK RATING



**Fund category**  
Canadian Equity

**Inception date**  
October 22, 2018

**Management expense ratio (MER)**  
2.11%  
(September 30, 2025)

**Fund management**  
Connor, Clark & Lunn Investment Management

## How is the fund invested? (as of October 31, 2025)



### Asset allocation (%)

Canadian Equity	95.4
Income Trust Units	3.0
Cash and Equivalents	1.4
US Equity	0.2



### Geographic allocation (%)

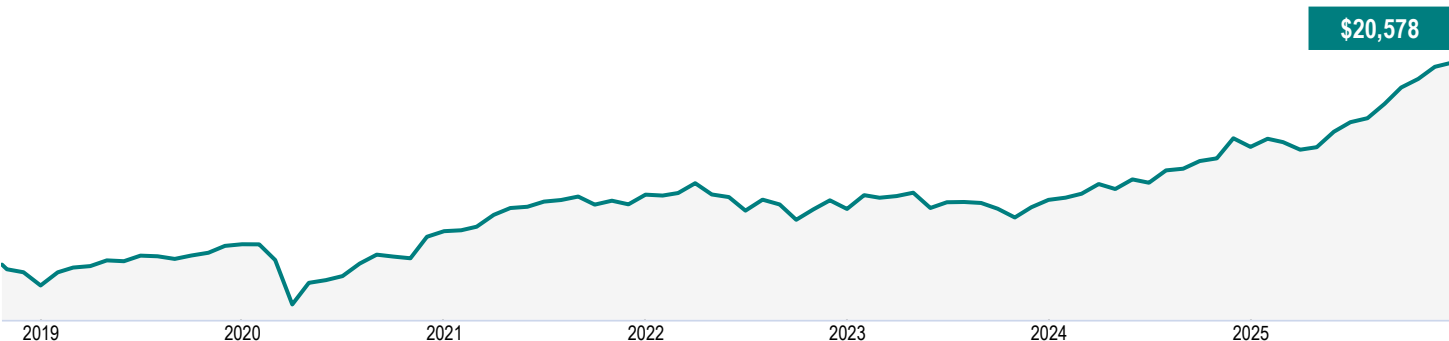
Canada	98.3
Bermuda	1.5
United States	0.2



### Sector allocation (%)

Financial Services	30.6
Basic Materials	17.8
Technology	12.7
Energy	10.3
Industrial Services	6.5
Industrial Goods	5.4
Consumer Services	4.5
Consumer Goods	3.4
Utilities	3.1
Other	5.7

## Growth of \$10,000 (since inception)



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## Fund details (as of October 31, 2025)

Top holdings	%
Shopify Inc Cl A	7.0
Royal Bank of Canada	6.9
Toronto-Dominion Bank	5.2
Agnico Eagle Mines Ltd	3.9
Canadian Imperial Bank of Commerce	3.3
Canadian Pacific Kansas City Ltd	2.9
Celestica Inc	2.8
Kinross Gold Corp	2.4
Barrick Mining Corp	2.2
Manulife Financial Corp	2.2
<b>Total allocation in top holdings</b>	<b>38.8</b>

Portfolio characteristics	
Standard deviation	9.7%
Dividend yield	1.8%
Yield to maturity	-
Duration (years)	-
Coupon	-
Average credit rating	-
Average market cap (million)	\$94,837.1

**Net assets (million)**  
\$188.5

**Price**  
\$19.09

**Number of holdings**  
109

**Minimum initial investment**  
\$500,000

**Fund codes**  
FEL – MAX3063

## Understanding returns

### Annual compound returns (%)

1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
1.1	6.8	27.3	27.3	16.8	11.9	-	10.6

### Calendar year returns (%)

2025	2024	2023	2022	2021	2020	2019	2018
27.3	20.7	3.7	-5.5	16.3	6.2	24.3	-

## Range of returns over five years (November 01, 2018 - December 31, 2025)

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
15.1%	March 2025	5.0%	Oct. 2023	9.5%	100.0%	27	0

## Contact information

### Customer service centre

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Corporate website:  
canadalifeinvest.ca

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## Q3 2025 Fund Commentary

### Market commentary

Canadian equities rose in the third quarter of 2025, supported by economic resilience, corporate earnings and accommodative monetary policy. Despite tariff concerns, earnings in both Canada and the U.S. were robust, with 2026 forecasts revised higher. Softening employment conditions in both economies led to interest-rate cuts from the U.S. Federal Reserve Board (Fed) and Bank of Canada in September.

The European Union, Japan, Canada and other regions reached trade agreements with the U.S. at lower tariff levels than were feared. The combination of lower interest rates, strong earnings and clarity on trade policy was a positive backdrop for equities.

Commodity and bank stocks were key drivers of Canadian equity gains. Gold performed well, with September marking its strongest month since 2011 and the spot price up 47% year-to-date, its best start to a year since 1979. Gold now represents 13% of the S&P/TSX Composite Index, significantly contributing to Canada's outperformance.

Canadian banks outperformed, benefiting from easing mortgage renewal pressures and a reduced risk of recession. Property and casualty insurers and defensive industrials lagged as market leadership shifted away from more stable sectors.

### Performance

The Fund's overweight exposure to Kinross Gold Corp. and Celestica Inc. contributed to performance. Kinross Gold stock returned 62.6% because of high gold prices and expanded margins. Celestica's stock returned 61.0%, benefiting from the adoption of artificial intelligence (AI) as capital expenditures continue to increase, underpinning the company's strong growth outlook.

Underweight exposure to Bank of Montreal detracted from performance. The bank performed well because of stronger credit results and lower loan losses than expected. It had fewer problem loans and improved performance across its commercial book, especially in the U.S.

At a sector level, stock selection in information technology and materials contributed to performance. Selection in financials detracted from performance, as did exposure to industrials.

### Portfolio activity

The sub-advisor added Air Canada as its valuation declined while its fundamentals improved. The airline reported solid results, with cash generation and a CAD\$500 million share buyback that showed confidence from management. Brookfield Asset Management Ltd. was increased because supportive credit and equity markets are driving faster fund formation and asset growth.

Restaurant Brands International Inc. was sold because its near-term outlook weakened amid intensifying competition in quick-service restaurants. Canadian National Railway Co. was reduced after management cut its 2025 earnings forecast more than expected.

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## Outlook

Investor sentiment is positive, supported by global financial conditions, central bank-rate interest cuts and corporate earnings upgrades. Globally, conditions are the most accommodative since 2022, with developed and emerging market central banks lowering policy rates. In the U.S., growth is running above 2%, supported by consumer spending, signs of a manufacturing recovery and stabilization in housing.

Canada's economy is showing strain, with weak gross domestic product growth. A softening labour market and housing sector are being partly offset by areas of strength in consumer spending. The sub-advisor expects growth to be subdued but believes Canada will avoid recession over the next couple of quarters before improving into 2026. A key risk is that the delayed impact of tariffs could keep inflation elevated, limiting the Fed's ability to cut interest rates further.

Equity markets are trading at elevated valuations, leaving little room if risks around tariffs, labour markets or elevated inflation materialize. Corporate earnings expectations have risen, with profit margins expected to expand into 2026.

AI-driven investment and broader capital spending are important supports. Overall, the sub-advisor expects earnings growth to be a key driver of equity markets over the next year. If investors gain confidence that growth is set to improve alongside still-supportive central banks, equities could benefit.

The sub-advisor reduced exposure to stable growth companies and shifted into quality cyclicals such as automotive, alternative asset managers and economically sensitive industrials. The Fund has overweight exposure to companies expected to benefit from AI-infrastructure spending.

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<sup>^</sup>Deferred Sales Charge (DSC) and Low Load Deferred Sales Charge (LSC) purchase options is closed to new investments given regulatory bans put in place for these purchase options that came into effect June 1, 2022.

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

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