

Canada Life U.S. Concentrated Equity Fund



January 31, 2025

The Fund seeks to maximize long-term capital appreciation by investment primarily in equity securities of U.S. corporations.

Is this fund right for you?

- You want your money to grow over a longer term.
- You want to invest in large, established companies in the U.S.
- You're comfortable with a medium level of risk.

RISK RATING



Fund category
U.S. Equity

Inception date
October 22, 2018

Management expense ratio (MER)
2.48%
(September 30, 2024)

Fund management
Aristotle Capital Management

How is the fund invested? (as of November 30, 2024)



Asset allocation (%)

US Equity	88.1
International Equity	10.9
Cash and Equivalents	1.0



Geographic allocation (%)

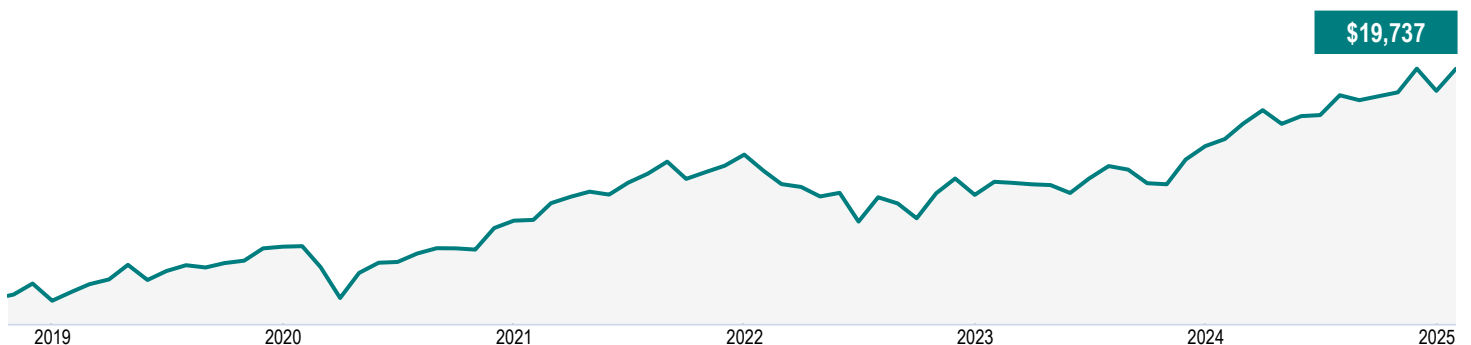
United States	88.1
Japan	4.1
France	3.3
Switzerland	2.0
Ireland	1.4
Canada	1.0
Other	0.1



Sector allocation (%)

Financial Services	21.3
Industrial Goods	15.4
Technology	12.9
Consumer Goods	12.6
Healthcare	9.8
Utilities	6.6
Real Estate	5.1
Basic Materials	4.9
Telecommunications	4.5
Other	6.9

Growth of \$10,000 (since inception)



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Fund details (as of November 30, 2024)

Top holdings	%
Parker-Hannifin Corp	4.7
Ameriprise Financial Inc	4.0
Lennar Corp Cl A	3.5
Microsoft Corp	3.5
Capital One Financial Corp	3.3
Corteva Inc	3.1
Martin Marietta Materials Inc	2.9
Adobe Inc	2.7
ANSYS Inc	2.6
Atmos Energy Corp	2.6
Total allocation in top holdings	32.9

Portfolio characteristics	
Standard deviation	13.7%
Dividend yield	1.9%
Average market cap (million)	\$287,149.0

Net assets (million)
\$177.8

Price
\$19.62

Number of holdings
44

Minimum initial investment
\$500

Fund codes
FEL – MAX1264

Understanding returns

Annual compound returns (%)

1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
5.0	5.4	5.0	18.0	8.7	10.2	-	11.4

Calendar year returns (%)

2024	2023	2022	2021	2020	2019	2018	2017
14.4	14.6	-10.8	21.4	9.2	23.7	-	-

Range of returns over five years (November 01, 2018 - January 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
10.9%	March 2024	8.0%	Oct. 2023	10.0%	100.0%	16	0

Contact information

Customer service centre

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Q4 2024 Fund Commentary

Market commentary

U.S. equities rose over the quarter, outperforming bonds. Value stocks underperformed growth stocks. In terms of value stocks, the worst-performing sectors were materials, health care and real estate. Financials and communication services were the only sectors to generate positive returns, while information technology declined the least.

Higher exports and increases in consumer and federal government spending drove U.S. economic expansion. Retail sales rose, supported by an increase in disposable personal income. The labour market was generally resilient but showed signs of weakening, as unemployment rose to 4.2% in November. Inflation remained relatively stable.

The U.S. Federal Reserve Board implemented two rate cuts during the quarter, setting the federal funds target rate at 4.25% to 4.50%. Corporate earnings were strong, with many companies exceeding earnings-per-share (EPS) expectations and few issuing negative EPS expectations.

Performance

The Fund's relative exposure to Capital One Financial Corp. and Ameriprise Financial Inc. had the most positive impact on performance. The Fund's relative exposure to Lennar Corp. and Microchip Technology Inc. had a negative impact on performance.

Capital One Financial Corp. benefited from increased optimism surrounding its proposed acquisition of Discover Financial Services, which is expected to close in 2025. The deal would position Capital One as the sixth-largest bank and second-largest credit card issuer by purchase volume in the U.S. Ameriprise Financial Inc.'s assets under management and administration rose by 22% year over year. The company's shift towards fee-based financial advice and asset management allowed it to return US\$713 million to shareholders.

Lennar Corp., one of the largest homebuilders in the U.S., faced rapidly increasing mortgage rates, resulting in new orders falling below expectations. Still, the company remains committed to its volume-based strategy. It is also open to acquisitions, like its recently announced purchase of Rausch Coleman Homes, which expands its footprint in Arkansas, Kansas and Missouri.

Microchip Technology Inc.'s revenue declined amid a significant inventory correction that has affected most end markets since early 2023. An unexpected change in leadership added uncertainty. The company is focusing on restructuring initiatives to resize its manufacturing footprint and reduce inventory. The sub-advisor remains optimistic about Microchip Technology's ability to increase market share within the Internet of Things, 5G infrastructure, autonomous driving and data centres.

At the sector level, stock selection in materials and financials, and overweight exposure to financials, had a positive impact on performance. Stock selection in consumer discretionary and information technology, and overweight exposure to materials, was negative.

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Outlook

The sub-advisor remains confident in the Fund's investment process over the longer term. Value investors often seek to invest in companies that are out of favour with investors. As such, the sub-advisor believes returns are best measured over a full market cycle, which is generally three to five years.

Market performance was driven by narrow investment themes in 2024. Over the longer term, however, the sub-advisor expects stock prices to be more in line with company performance.

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†Soft capped, ‡Hard capped

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