# Our fixed-income investment strategy

## Geared for long-term performance

To ensure our participating account remains strong and stable, our investment strategy is focused on high-quality assets and steady, long-term growth.

We manage the participating account as a broadly diversified fixed-income account, with a target asset mix of approximately 75 per cent fixed-income investments and 25 per cent equities.[1]

A less conservative mix might include more equities, and could generate higher returns, but it could increase volatility and risk. Our asset mix supports our goal of steady, predictable, low-risk growth.

[1] Asset mix at Dec. 31, 2017 was approximately 80 per cent fixed-income investments and 20 per cent equities.

### Laddering strategy for fixed income assets

We use a 10-year ladder approach for our fixed-income assets, which means each year approximately 10 per cent of fixed-income assets mature and are re-invested at then-current rates of return.

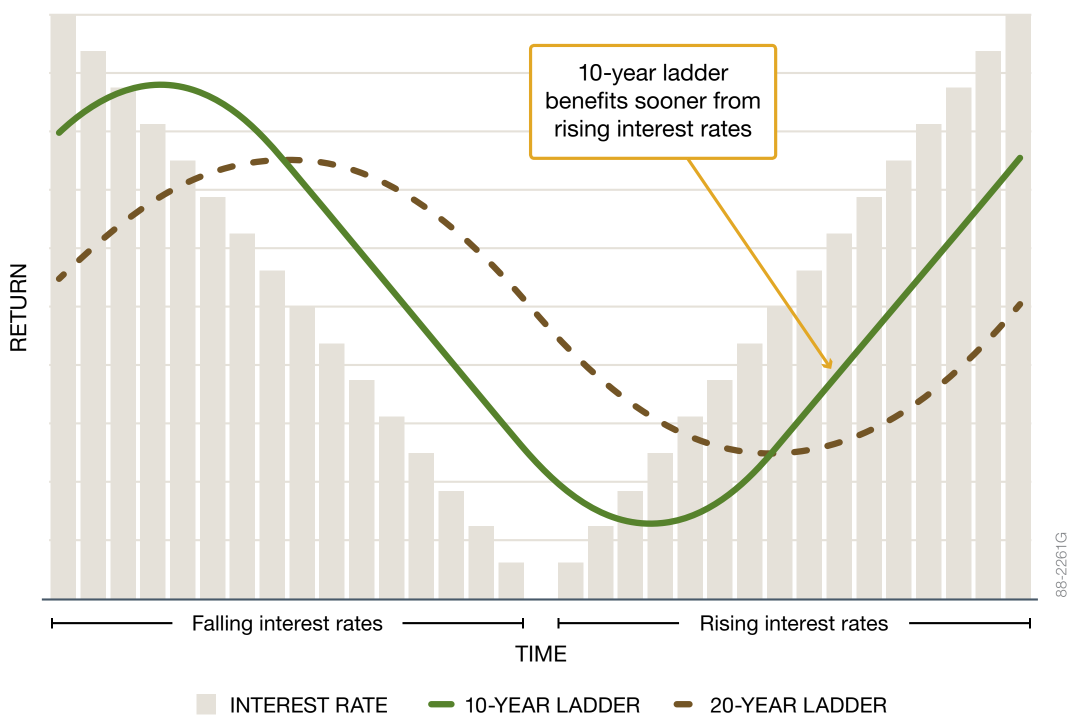
A 10-year ladder strategy is more responsive to a change in rates than a longer-term strategy (for example, a 20-year reinvestment strategy) might be. Canada has been experiencing historically low interest rates for an extended period and therefore a shorter-term investment strategy will decrease the DSIR faster than a longer-term strategy, all else being equal.

#### The benefits of our laddering strategy

We've geared our strategy toward long-term sustainable performance.

All else being equal:

- A shorter-term laddering strategy will reflect lower interest rates sooner than a long-term laddering strategy in a declining interest rate environment.
- A 10-year laddering strategy will also reflect higher interest rates sooner than a longer-term laddering strategy in an increasing interest rate environment.




The Great-West Life Assurance Company

The above example is for illustrative purposes only. Situations will vary according to specific circumstances.