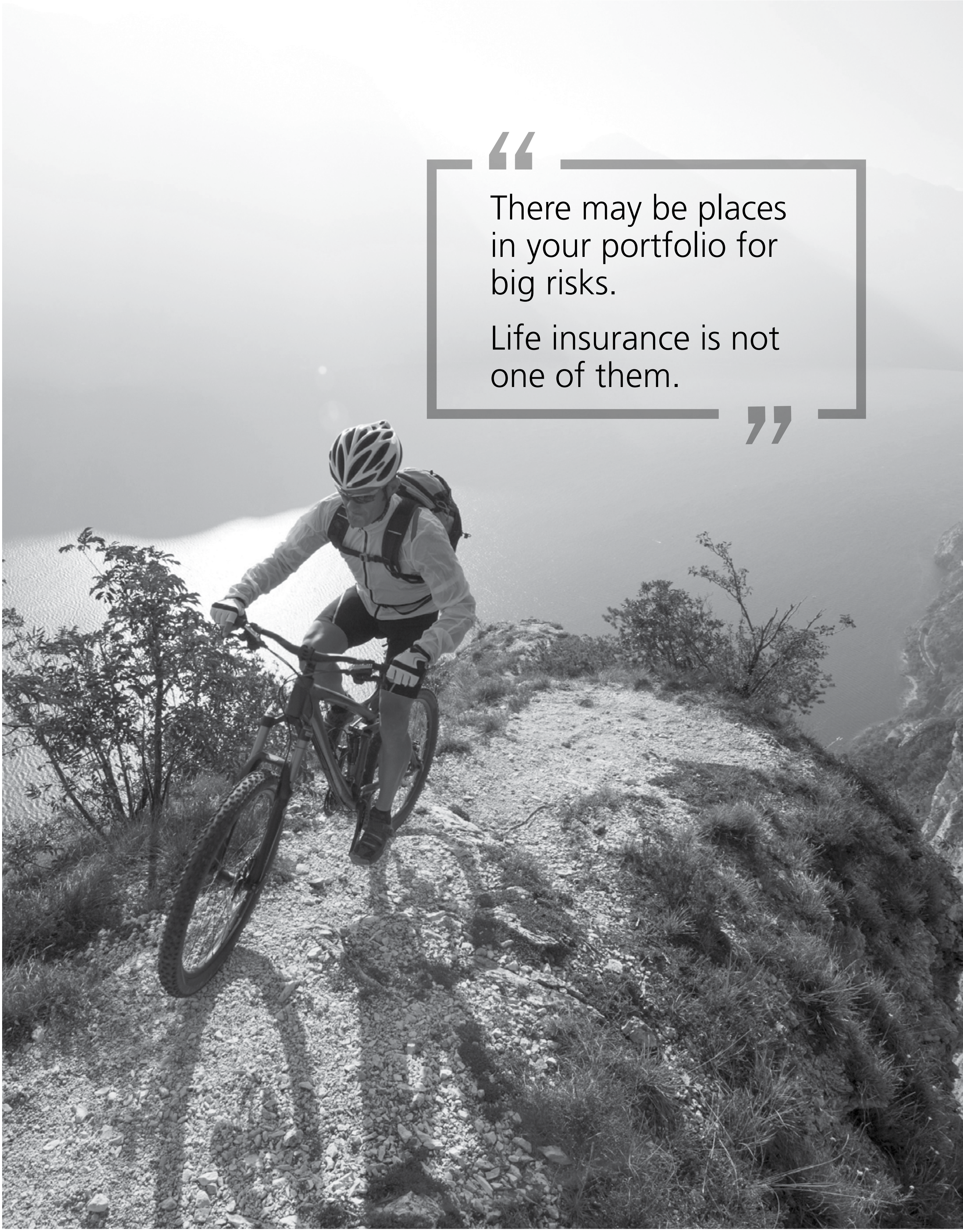
Your policy gives you stable, predictable

long-term growth

The Great-West Life Assurance Company


There may be places in your portfolio for big risks.
Life insurance is not one of them.

How Great-West Life

smooths out short-term ups and downs

Life insurance is designed to reduce risk and deliver long-term value. You wouldn't want the value of your policy to be jumping around when you need it most – for example, when you're about to use your policy's cash value to meet a sudden need or opportunity. You want the growth of your policy's value to be stable. Predictable.

With Great-West Life participating life insurance, the growth of your policy's cash value is based partly on the performance of the participating account and the dividends your policy receives. The following factors can help give a Great-West Life participating life insurance policy stable, predictable growth.

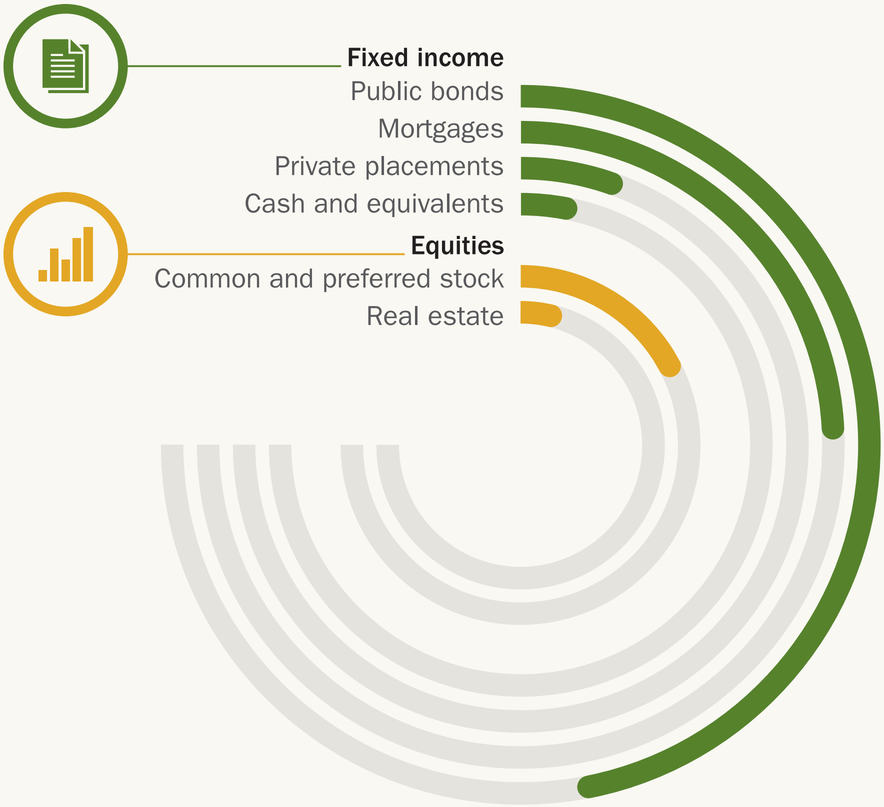
1. Conservative asset mix
2. Managing impact of interest-rate changes
3. Smoothed returns
4. Strong surplus
5. No downside risk

1

Conservative asset mix

Broadly diversified fixed-income account

Invested assets in the Great-West Life participating account



Proportions are approximate.

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For steady, long-term growth, we manage the participating account as a broadly diversified fixed-income account. Currently the target asset mix is about 80 per cent fixed-income investments and 20 per cent equity investments. These proportions can change in accordance with our participating account management policy. As this chart shows, the largest segments are bonds and mortgages.

This is a deliberately conservative asset mix. A less conservative asset mix might include more equities and might provide higher growth in some years. However, it could increase short-term volatility and risk. Our conservative asset mix supports our goal of steady, predictable, low-risk growth.

2

Managing impact of interest-rate changes

- **As mentioned earlier, fixed-income assets are the largest segment of the asset mix. They are managed to provide low-risk, long-term growth. Their returns are highly dependent on interest rates. So we manage the impact of interest-rate swings on these assets. For example:**

  Each year we take about 10 per cent of our fixed-income assets and re-invest them at current rates. This is known as a 10-year laddering strategy. With this strategy, the new-money rates in any one year affect only about 10 per cent of these renewing investments. This helps smooth out the effects of short-term swings in interest rates.

- **Compared with other laddering strategies, such as a 20-year laddering strategy, this 10-year strategy has several additional advantages. For example:**

  When interest rates rise, the 10-year strategy reaps the benefits sooner than a 20-year strategy. With the 10-year strategy, about 10 per cent of the fixed-income assets are re-invested each year at the new, higher rate. With a 20-year strategy, about five per cent of the fixed-income assets would be re-invested at the new, higher rate. As a result, a 20-year strategy would benefit more slowly from rising interest rates.

- **Under current market conditions, the 10-year strategy allows access to assets and competitive market rates. At the same time, the 10-year strategy is more responsive to interest-rate changes than a longer-term strategy. The chart illustrates the effects of these laddering strategies.**

Smoothing effects of laddering

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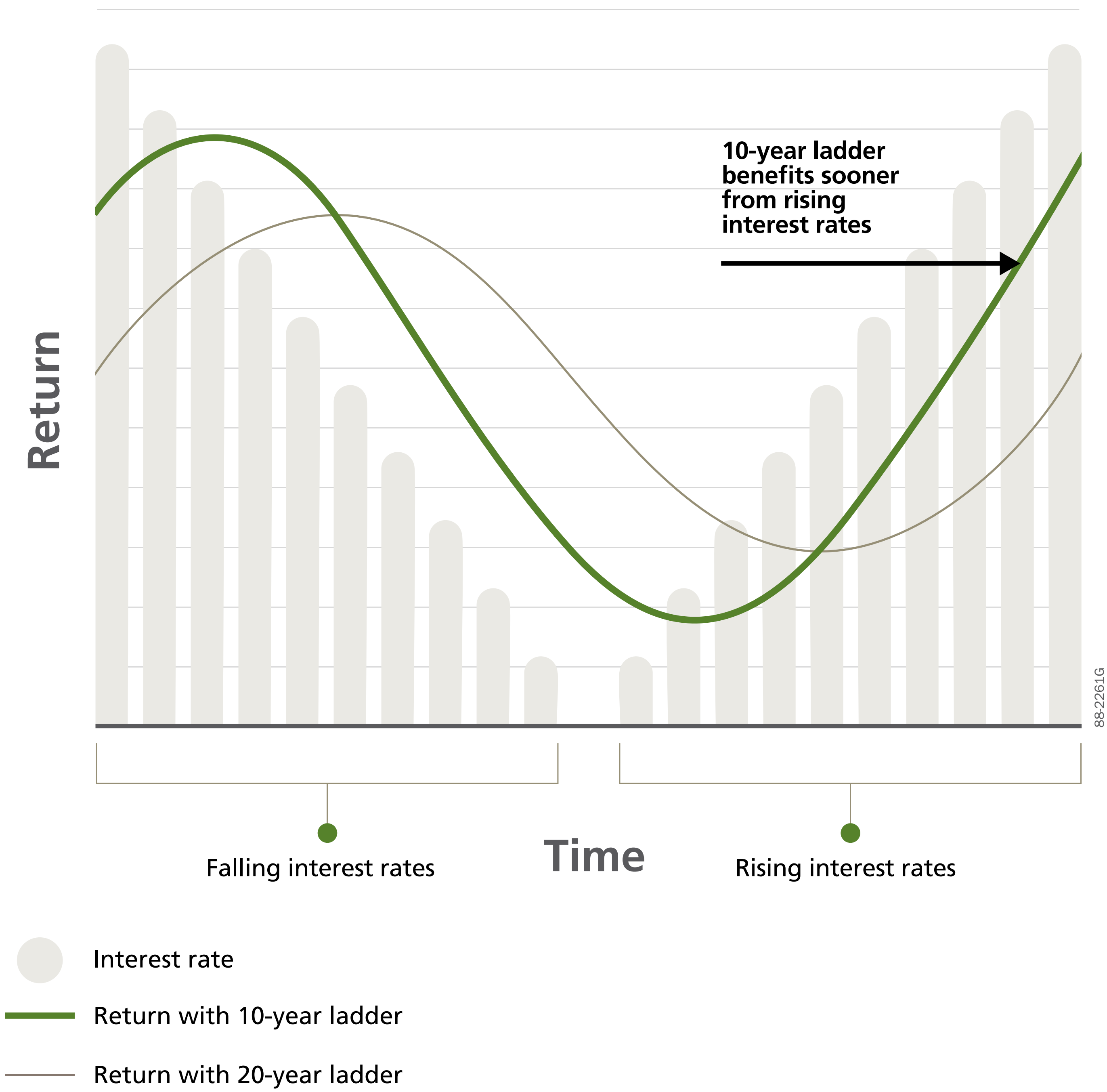


This chart illustrates the concept of laddering, not historical performance.

3

Smoothed returns

Smoothing is a way to recognize investment gains and losses gradually, over a period of time. It takes out the highs and lows. As a result, it helps provide more stability in the dividends you receive.

Here's how smoothing works for the different asset classes in the participating account. These smoothing methods are subject to change.

- **Common stock**

  When returns on common stocks are higher than expected, we do not recognize all the increase immediately. In the same way, when returns are lower than expected, we do not recognize all the decrease immediately. Instead, we spread the gain or loss over several years, only recognizing part of it in any one year, as illustrated in the chart.

  Realized and unrealized gains and losses from fluctuations in the value of common stocks are amortized over several years. Dividends from common stocks are recognized as they are earned.

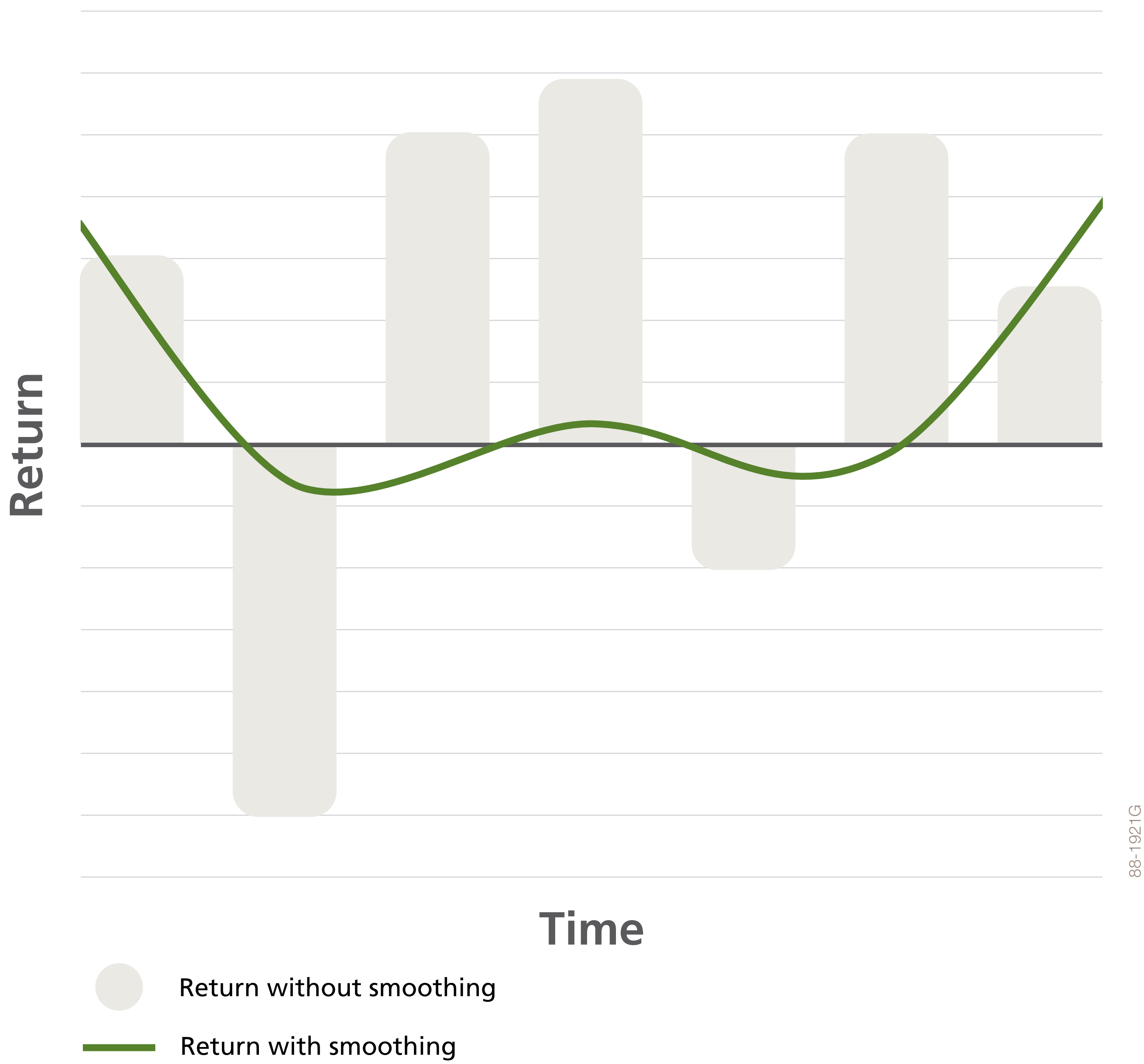
- **Bonds and mortgages**

  Realized gains and losses are amortized over several years. Unrealized gains and losses are not included in the dividend scale interest rate.

- **Real estate**

  Realized and unrealized gains and losses from fluctuations in the value of properties are amortized over several years. Rental income is recognized as it is earned.

Example of how stock returns are smoothed



Returns shown are fictitious examples.

4

Strong surplus

There are a number of reasons for a participating account to maintain a surplus. One is to avoid undue fluctuations in dividends.

Each year some of the earnings in the participating account may be retained, and these retained earnings make up the surplus. Over the years, Great-West Life has built up a strong surplus position, which can be used to avoid undue fluctuations in dividends.

In addition to helping smooth returns, the surplus can also help ensure the financial strength and stability of the company, finance new business acquisitions that may benefit the participating account and help during periods of major change.

5

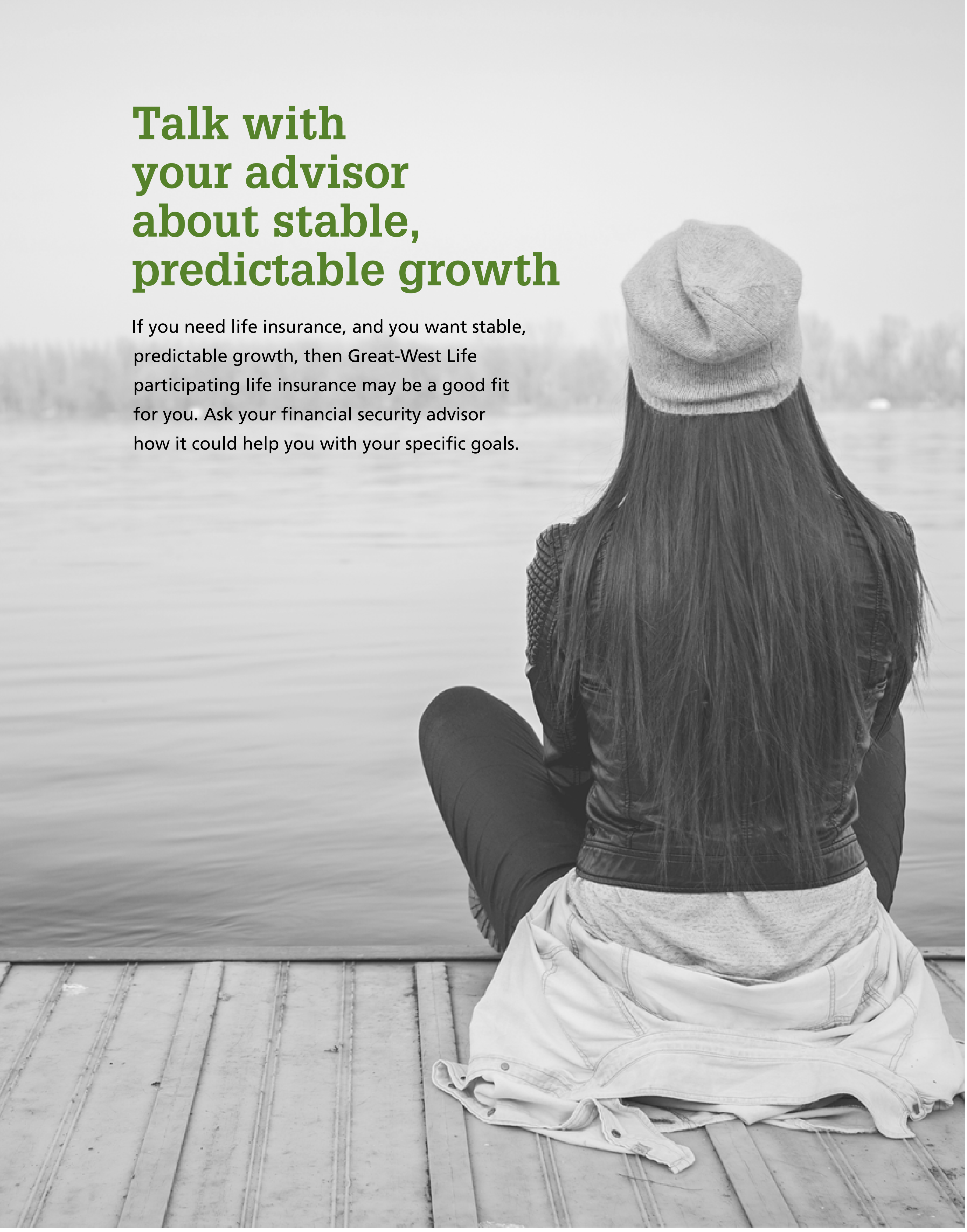
No downside risk

Dividends, once paid, have a cash value that's guaranteed for as long as you keep them in your policy. Your policy's cash value cannot be reduced or used in any way except as you authorize or as provided in the policy.

This means your policy's cash value does not fluctuate with the market. If markets fall, your policy's cash value is protected. Your policy's cash value has no downside risk.

Talk with your advisor about stable, predictable growth

If you need life insurance, and you want stable, predictable growth, then Great-West Life participating life insurance may be a good fit for you. Ask your financial security advisor how it could help you with your specific goals.



The Great-West Life Assurance Company, founded in Winnipeg in 1891, is a leading Canadian insurer. We serve individuals and families with life, disability, critical illness and health insurance, as well as investment, savings and retirement income plans and annuities.

In Canada, Great-West Life and our subsidiaries, London Life and Canada Life, offer financial and benefit plan solutions and serve the financial security needs of more than 13 million people.

In 2016, we paid $108 million in insurance payouts on participating policies and $151 million in participating policyowner dividends.

Great-West Life has received strong ratings for financial strength from major rating agencies, including A.M. Best Company, DBRS Limited, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services.

Great-West Life is a subsidiary of Great-West Lifeco Inc. and a member of the Power Financial Corporation group of companies.

For detailed financial information about Great-West Life participating life insurance, see *Great-West Life participating life insurance financial facts*. For more information about Great-West Life, visit greatwestlife.com.

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Great-West Life
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