

Questions and answers – Mackenzie mutual fund changes affecting Canada Life segregated funds

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- When will the new fund changes be reflected on statements and online tools?
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1. OVERVIEW

Mackenzie proposes changes that impact segregated funds

Today Mackenzie Investments announced proposed changes to their mutual funds, affecting segregated funds on our shelf that invest in those Mackenzie mutual funds.

On or around Aug. 16, 2019, the following segregated funds will change, subject to a vote by the mutual fund unitholders on July 24, 2019:

Existing segregated fund	Segregated fund name – post change	Description of change
Canadian Resource (Mackenzie)	Global Resource (Mackenzie)	Investment objective change of underlying mutual fund
Canadian Balanced (Mackenzie)	Strategic Income (Mackenzie)	Tax-deferred merger of underlying mutual fund resulting in an investment objective change

2. Client and advisor notice

Q: What information will be sent to clients?

A: The clients affected by the segregated fund changes will receive a letter explaining upcoming changes to their fund(s) and options available to them. These letters will be sent on or around June 14, 2019.

Q: Why are clients receiving letters?

A: These fund changes (see the overview above) require clients be notified 60 days in advance. This time allows clients to have any necessary financial planning conversations with you.

Q: What's required of the client?

A: If your client is comfortable with the change, there's nothing they need to do.

- After Aug. 16, any new contributions will reflect the new name of the fund.
- There are no tax consequences associated with this change, except for tax consequences that may be related to portfolio turnover of the underlying mutual fund to reflect the new investment objectives.

If your client is not comfortable with either of these changes:

- They may switch to another fund within their policy, redeem their units or transfer to another policy.

- These transactions are dispositions for tax purposes that may create a capital gain or loss in non-registered policies.
- For Canadian Resource (Mackenzie): if the client decides to switch their units, redeem their units or transfer to another policy, they won't be charged any redemption or short-term trading fees if we receive instruction between July 25 to Aug. 15, 2019.
- For Canadian Balanced (Mackenzie): if the client decides to redeem their units or transfer to another policy, they may be charged redemption or short-term trading fees because we've offered an alternative fund with a similar investment objective.

Q: What information will be sent to advisors?

A: If your clients held investments in the existing segregated funds as of around May 31, 2019, you'll be sent a list outlining:

- A list of your clients who will receive letters
- Their corresponding policy numbers
- A list of their affected funds

Q: Why aren't segregated fund unit holders required/asked to vote?

A: As the segregated fund invests in units of the mutual fund, only mutual fund holders will be voting on these proposed changes. Segregated fund holders do not vote on the proposed changes.

3. Impact to clients

Q: Will there be any tax consequences from these fund changes?

A: There are no tax consequences associated with these changes, except for tax consequences that may be related to portfolio turnover of the underlying mutual funds to reflect their new investment objectives.

Q: Will these changes create any deferred sales charges (DSCs) for clients?

A: Switches within the same sales charge option will not incur a DSC and the new units will have the same redemption charge (i.e., DSC) schedule as old units.

If your client holds the Canadian Balanced (Mackenzie) fund in either the DSC or LSC option and decides to redeem from their policy, redemption fees may apply. If your client holds the Canadian Resource (Mackenzie) fund in either the DSC or LSC option and decides to redeem from their policy between July 24 and August 15 redemption fees will not apply. A redemption at any other time, redemptions fees may apply.

Q: Will the investment management fees change?

A: Investment management fees will not increase as a result of these changes.

4. Administration

Q: What will happen to automatic transactions set up on the affected funds, such as automatic payments/withdrawals /PAC/ switches?

A: All automatic transactions will continue into the fund with the new name.

Q: When will the fund name changes be reflected on statements and online tools?

A: New fund names will appear on the next statement after the change.

Q: Where should I go if I have any questions?

A: For more information on the fund shelf, please visit Wealth Centre or contact your wealth management sales partners at the product solutions centre.