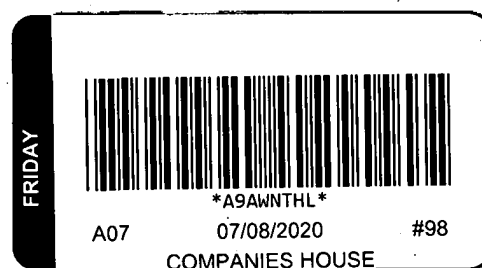


CANADA LIFE ASSET MANAGEMENT LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



Registered Number: 3846821

Canada Life Asset Management Limited

Report and financial statements for the year ended 31 December 2019

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Canada Life Asset Management Limited

Report and financial statements for the year ended 31 December 2019

Directors and advisers

Directors

D A Brown
A H Clifton
I Gilmour
D J Marchant
P G Munro (Resigned 18 February 2019)
R Srivastava (Appointed 13 June 2019)

Secretary

N Riley

Registered Office

Canada Life Place
High Street
Potters Bar
Hertfordshire
EN6 5BA

Bankers

Royal Bank of Canada
Riverbank House
2 Swan Lane
London
EC4R 3BF

Registered Number

3846821

Auditor

Deloitte LLP
London, United Kingdom

Canada Life Asset Management Limited

Directors' Report for the year ended 31 December 2019

The directors of Canada Life Asset Management Limited (the "Company" or "CLAM") present their annual report and audited financial statements for the year ended 31 December 2019.

Future Developments

The Company continues to look at further opportunities to provide investment management services to other group companies and to expand its OEIC product range.

Directors

The names of the persons who were directors during the year and up to the date of this report are set out below.

D A Brown
A H Clifton
I Gilmour
D J Marchant
P G Munro
R Srivastava

(Resigned 18 February 2019)
(Appointed 13 June 2019)

Results and Dividends

The profit after tax for the year was £3,815k (2018: £3,454k). A dividend of £2,000k was paid in 2019 (2018: £2,500k). The proposed dividend to be paid in 2020 is £4,000k.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

This assessment has been made in light of the emergence of Covid-19 and its impact on the Company.

Further details regarding the adoption of the going concern basis and consideration of the impact of Covid-19 can be found in the Principal Accounting Information section in note 3 of the financial statements. The impact of Covid-19 has also been referenced as a post balance sheet event in note 12 of the financial statements.

Canada Life Asset Management Limited

Directors' Report for the year ended 31 December 2019 (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed willingness to continue in office as auditor and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Regulatory Bodies

The Company is regulated by the Financial Conduct Authority under reference 194570.

Pillar 3 Disclosure

A memorandum including the information required to be disclosed in accordance with BIPRU11 is sent directly to our clients. Details of the Pillar 3 Disclosure can be found on the Canada Life Investments website, canadalifeinvestments.com.

Principal Risks and Uncertainties

The Company is exposed to a range of risks. The Company manages these risks which are documented in the ICAAP and presented to the Board. Risks are identified and documented along with the controls in place to mitigate them. All activities of the Company are subject to review by an independent internal audit team.

Capital management

The Company's objectives when managing its capital are to maintain financial strength, manage liquidity requirements and maintain regulatory capital requirements. The Company's capital consists of share capital and retained earnings. The Company is authorised and regulated by the Financial Conduct Authority (FCA) and has been categorised as a limited licence BIPRU €50k firm for capital adequacy purposes.

The Company prepares an ICAAP annually and monitors its capital and capital requirements on a regular basis. As at 31 December 2019 the Company held sufficient capital to satisfy its pillar 2 capital requirement.

Canada Life Asset Management Limited

Directors' Report for the year ended 31 December 2019 (continued)

Principal Risks and Uncertainties (continued)

Operational Risks

The key risks are in respect of investment management decisions made outside of fund objectives, processing deals erroneously or through poor fund performance.

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit risk are in relation to Link Asset Services in respect of investment management fees, and money market counterparties.

Investment management fees are collected from Link Financial Group Limited monthly to minimise the outstanding balance.

Only external money market funds rated AAA, including the CLAM managed LF CanLife Sterling Liquidity Fund and approved credit institutions are used to place deposits. At year end 2019 the majority of the Company's holdings were in the LF CanLife Sterling Liquidity Fund.

Foreign Currency Risk

The Company manages a number of foreign currency denominated portfolios for which it receives fee income in a foreign currency and is therefore subject to exchange rate fluctuations.

Liquidity Risk

The Company needs to be able to cover its regular expenses for a period of time even if fee income ceases. It is therefore necessary for a portion of assets to be held in readily available or liquid assets. The majority of the Company's expenses are paid to a group company in respect of recharges.

All assets are held in money market funds and bank deposits with approved credit institutions. The funds are realisable with one day's notice and the bank deposits are placed to provide a spread of maturities over the following three month period.

Regulatory Risk

There are a number of other regulatory changes and consultation papers that have had or will have an impact on CLAM, such as:

Canada Life Asset Management Limited

Directors' Report for the year ended 31 December 2019 (continued)

Principal Risks and Uncertainties (continued)

Senior Managers & Certification Regime (SMCR) - has replaced the existing Approved Persons regime and aligns accountability regimes across all financial services firms. SMCR increases personal accountability and aims to improve the conduct of all staff.

FCA Asset Management Market Study - The intention of this study is to check the asset management industry provides value to consumers and that consumers understand in plain language how funds are managed and measured

FCA Illiquid Assets and Open-Ended Funds - The FCA announced a package of measures that require greater planning and transparency in relation to open ended funds that trade in illiquid assets

Financial Reporting Council (FRC) Stewardship Code - The aim of increased transparency is to enable asset owners to assess whether and how the manager is acting in their best long-term interests and to assess whether the asset manager's strategy allows for effective shareholder engagement. There is a new requirement on asset managers to publish an annual engagement report providing details of stewardship activities over the preceding 12 months. The first report must be submitted prior to 31st March 2021.

New Prudential Requirements for Investment Firms - The revised legislation will ensure more proportionate rules and better supervision for all investment firms on capital, liquidity and other risk management requirements, while ensuring a level-playing field between large and systemic financial institutions

Brexit

On 31 January 2020 the UK formally exited the European Union ("Brexit") entering into a transition period expected to last through 2020. The exact implications continue to remain uncertain until formal negotiations are concluded between the UK and the European Union. Given the majority of the Company's business is conducted domestically, the overall impact from Brexit, aside from any economic implications, is considered to be low. However, the Company continues to endeavour to work closely with its customers, business partners and regulators over the transition period.

The uncertainty created by Brexit has the potential to result in adverse economic conditions. The Company's ICAAP includes analysis that considers this to ensure our capital position remains resilient under a number of stresses and scenarios.

The Company's own assets are only invested in high quality Money Market Funds

COVID-19

The ongoing coronavirus pandemic (COVID-19) is an emerging risk to which the Company is exposed. The Company is monitoring the situation closely, including carrying out stress and scenario testing, and has made preparations to ensure that it will continue to operate effectively and ensure the safety and well-being of customers, employees and wider communities. Service continuity plans are in operation, with employees working remotely to maintain service to customers.

Canada Life Asset Management Limited

Directors' Report for the year ended 31 December 2019 (continued)

Principal Risks and Uncertainties (continued)

The outbreak is having an impact on global economies and markets to which the Company and its customers are exposed and should this impact be sustained, or lead to adverse impacts on **revenue and sales, it will continue to impact on the Company's performance.** These impacts will depend on future developments, which are highly uncertain. The Company has robust governance structures and processes in place which support continuous monitoring of the **Company's solvency position.**

As at 31 December 2019 the Company's solvency cover ratio was 189% (unaudited), rising to 196% (unaudited) as at 31 March 2020. As at the date of approval of the financial statements, the Company continues to operate well in excess of its Solvency Capital Requirement.


Environmental, Social & Corporate Governance

Management continues to progress ESG awareness and activity within the business with recent focus on the commitments it must meet by March 2021 under a new engagement policy. Management are working to assess and select an ESG research provider whilst the ESG Committee has recommended that CLAM become a member of the Carbon Disclosure Project and the Institutional Investors Group on Climate Change. These are two of the largest investor groups that lobby corporates to disclose and report on the embedding of ESG practices within their processes and then measure the outcomes

At Group level, scenario testing with respect to climate change risk has been undertaken to provide more visibility over the measurement and management of the risk. Results of top-down climate change stress testing indicates our balance sheet remains strong and resilient

The effects of climate change will transpire over a long time horizon – management will continue to monitor and update the assessment periodically

Approved by the Board of Directors and signed on behalf of the Board



D J Marchant
Director

23 April 2020
Canada Life Place
Potters Bar
Herts
EN6 5BA

Canada Life Asset Management Limited

Strategic Report for the year ended 31 December 2019

Principal Activity

The principal activity of the Company is to act as an investment fund manager.

Business Review

The Company is part of Great-West Lifeco Inc. ("the Group"). The directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to (amongst other matters) those laid out in Section 172 of the Companies Act 2006.

The Board is collectively responsible for the long-term success of the Company. It sets Company values and culture and ensures that obligations to its shareholder, customers and other stakeholders are understood and met.

The Company's staff is employed by a service company within the Group. The Company has a general Staff Forum which meets quarterly. The aim of the forum is to represent the views of staff, communicate with management, provide feedback to staff and consult with them on key issues. The Company also conducts an employee engagement survey every year. The responses to this survey are presented to the Board which provides an important level of feedback. This helps to identify aspects of the business which the Company may need to improve on as well as those which it is implementing successfully.

The Company's customers are at the core of its business and at the forefront of its strategy and service. The Company is committed to dealing with customers honestly and fairly. This is embedded in the culture, values and Code of Business Conduct. Our vision is to help build better futures and be a world class financial services provider, putting customers at the heart of everything we do and working in line with our values of people, excellence, integrity and together.

The Company takes its charitable giving responsibilities seriously – both in the communities it operates in and also at a national level to support important causes throughout the year. During the year donations were made through the employee nominated charity scheme and further amounts were raised at fundraising events held across the UK offices. In 2019 the Company launched its new Sustainability Group, which has launched a number of initiatives to help make Canada Life more environmentally friendly. These included reducing the use of plastic cups in the office and switching to 100% renewable energy sources. The Company also published its Real Estate ESG policy in 2019 which is available on its website.

The Company's products are available on all leading retail and institutional investment platforms in the UK and it was the recipient of the Professional Advisor award for 'Best Client Engagement' in 2019. This demonstrates Canada Life Asset Management's strengths within the market and commitment to high standards of business conduct.

The Company is a wholly-owned subsidiary of CLG and communicates regularly with its parent, the sole shareholder. Results are provided to Great-West Lifeco Inc. as part of their quarterly requirements.

Canada Life Asset Management Limited

Strategic Report for the year ended 31 December 2019 (continued)

Business Review (continued)

The Company manages and markets a range of open ended investment company funds (OEICs) predominately to retail customers. During 2019 further development of the fund shelf was completed with some funds closed and new funds launched. As a result, the type and value of funds has continued to increase.

The Company also manages a number of equity, bond and property portfolios for other group companies. An Irish branch of the Company was established in 2014 to provide relationship management and some administration to a number of clients based in Ireland. No regulated activities are carried out by the branch.

During 2019 new monies and accounts were added to some of the existing arrangements. There was an additional client; Scottish Friendly added following the Part VII transfer of Canada Life's legacy unit linked business. The Company has agreed to manage these unit-linked policy assets for Scottish Friendly and is providing additional investment administration services to this new client.

The Company does not use Reverse Factoring.

Key Performance Indicators

	2019 £'000	2018 £'000	2017 £'000
Funds under management at 31 December			
Link Financial	4,165,451	3,934,784	3,109,136
Other Group Companies	15,550,795	13,483,436	12,943,791
Total	19,716,246	17,418,220	16,052,927
Fee Income	20,694	17,240	15,775
Profit for the financial year	3,815	3,454	3,782

The growth in FUM (13%) during the year resulted from sales of collective funds, restructuring of Canada Life Limited's united linked investments and additional insurance portfolios from other group companies. Similarly this resulted in increased fee income (20%), which also benefitted from improved commercial terms agreed with Link Financial Group. Profit remained stable allowing for increased expenses (23%) related to the restructuring above and the Company's on-going operations.

Canada Life Asset Management Limited

Strategic Report for the year ended 31 December 2019 (continued)

Approved by the Board of Directors
and signed on behalf of the Board



D J Marchant
Director

23 April 2020
Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA

Canada Life Asset Management Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Canada Life Asset Management Limited

Independent auditor's report to the members of Canada Life Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Canada Life Asset Management Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

Canada Life Asset Management Limited

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on **the FRC's website at: www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- **the information given in the strategic report and the directors' report** for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- **the strategic report and the directors' report** have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Canada Life Asset Management Limited

Matters on which we are required to report by exception

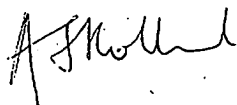
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland, FCA (senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

23 April 2020

Canada Life Asset Management Limited

**Profit and Loss Account
for the year ended 31 December 2019**

		2019	2018
	Note	£'000	£'000
Turnover	4	20,694	17,240
Operating expenses		<u>(16,050)</u>	<u>(13,041)</u>
Operating profit	5	4,644	4,199
Interest receivable		83	55
Foreign exchange gain/(loss)		(43)	(1)
Unrealised investment gain		26	12
		<u>4,710</u>	<u>4,265</u>
Profit on ordinary activities before taxation		4,710	4,265
Tax on profit on ordinary activities	7	(895)	(811)
Profit for the financial year		<u>3,815</u>	<u>3,454</u>

The Company has no recognised gains and losses other than as stated in the Profit and Loss Account for the current or the preceding year and hence no separate statement of other comprehensive income is presented. All activities are continuing.

The notes on pages 19 to 24 form part of these financial statements.

Canada Life Asset Management Limited

**Statement of Financial Position
As at 31 December 2019**

		2019	2018
	Note	£'000	£'000
Current assets			
Debtors	8	2,737	2,350
Cash at bank and cash in hand		<u>16,544</u>	<u>14,095</u>
		19,281	16,445
Creditors : amounts falling due within one year	9	<u>(4,127)</u>	<u>(3,107)</u>
Net current assets		15,154	13,338
Net assets		<u>15,154</u>	<u>13,338</u>
Capital and reserves			
Called up share capital	10	2,250	2,250
Profit and loss account		12,904	11,088
Total shareholder's funds		<u>15,154</u>	<u>13,338</u>

The notes on pages 19 to 24 form part of these financial statements.

The financial statements of Canada Life Asset Management Limited (registered number 3846821) were approved by the Board of Directors and authorised for issue on 27 March 2019.

Signed on behalf of the Board of Directors.



D J Marchant
Director

23 April 2020
Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA

Canada Life Asset Management Limited

**Statement of change in equity
for the year ended 31 December 2019**

	Ordinary Share Capital £'000	Profit & Loss Account £'000	Total Shareholder's Funds £'000
Shareholder's funds at 1 January 2019	2,250	11,088	13,338
Profit for the year	-	3,815	3,815
Interim dividend	-	(2,000)	(2,000)
Shareholder's funds at 31 December 2019	<u>2,250</u>	<u>12,903</u>	<u>15,154</u>

**Statement of change in equity
for the year ended 31 December 2018**

	Ordinary Share Capital £'000	Profit & Loss Account £'000	Total Shareholder's Funds £'000
Shareholder's funds at 1 January 2018	2,250	10,134	12,384
Profit for the year	-	3,454	3,454
Interim dividend	-	(2,500)	(2,500)
Shareholder's funds at 31 December 2018	<u>2,250</u>	<u>11,088</u>	<u>13,338</u>

Canada Life Asset Management Limited

Notes to the financial statements for the year ended 31 December 2019

1 General information

Canada Life Asset Management Limited ("the Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Canada Life Place, Potters Bar, Hertfordshire EN6 5BA. The Company is a member of Power Corporation of Canada which is incorporated in Canada. In the directors' opinion Power Corporation of Canada is the controlling party. The parent of the smallest such group for which group financial statements are drawn up was The Canada Life Assurance Company, incorporated in Canada.

Copies of the Group financial statements for both The Canada Life Assurance Company and of Power Corporation of Canada can be obtained from the Company's registered office.

The Company's principal activity is investment management services and this will continue to be the main activity for the foreseeable future.

2 Statement of Compliance

The Financial Statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of cash flow statement, intra-group transactions and remuneration of key management personnel.

3 Principal accounting information

Summary of significant accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these Financial Statements.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 and the requirements of the Companies Act 2006. The functional/reporting currency is Sterling and the disclosures are made to the nearest £000 unless stated otherwise. The particular accounting policies adopted by the directors in the current and prior year are described below.

Going Concern

The directors' report and the strategic report outlines the Company's activities, performance, principal risks, uncertainties, future outlook and financial risk management objectives and how those risks are managed. The Company's position and assessment in respect of the recent COVID-19 outbreak are set out in Note 12. As a predominantly UK focused business, the Company's operating model and strategy is not materially impacted by the UK's withdrawal from the EU. Having regard to the Company's financial position, its expected performance in the future and having made appropriate enquiries the directors have a reasonable expectation that

Canada Life Asset Management Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Principal accounting information (continued)

the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Cash flow statement

Advantage has been taken of the exemption under the revised FRS102 1.12(b), Cash Flow Statements, not to present a cash flow statement as the subsidiary is 100% controlled within Great-West Lifeco Inc. The consolidated financial statements in which the subsidiary undertakings are included are publicly available (see note 11).

Transactions with related parties

Advantage has been taken under FRS102 33.1A, Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled within the Great-West Lifeco Inc. (see note 11).

Turnover

Turnover is made up of fee income and advisory fees in respect of investment management services and is recognised on an accruals basis.

Interest receivable

Interest receivable is recognised on an accruals basis.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents, loans and receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at present value of future receipts discounted at market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a debt instrument is measured at the present value of future receipts discounted at market rates of interest.

Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the profit and loss account unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Principal accounting information (continued)

Financial liabilities (continued)

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and their valuation at the last balance sheet date or purchase price, if acquired during the year. Unrealised gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years, which have been realised during the year and are reported as realised gains and losses in the current profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided as amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. However this is only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Judgements and estimates

When applying its significant accounting policies, management have not made any judgements that have resulted in a material effect on amounts recognised in the accounts.

There have been no estimates made within this report that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during the reporting period or within the next financial year.

Canada Life Asset Management Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

4 Turnover

By location of client:	2019 £'000	2018 £'000
United Kingdom	12,657	9,610
Republic of Ireland	6,285	5,894
Canada	1,145	900
United States of America	71	67
Barbados	472	678
Netherlands	64	91
	<u>20,694</u>	<u>17,240</u>

All turnover derives from the principal activity of the Company.

5 Operating profit

Audit fees of £61,440 (£51,306 audit of financial statements, £10,134 audit related assurance services) have been accrued by Canada Life Asset Management for 2019. In addition, Audit fees of £61,108 (£50,923 audit of financial statements, £10,185 audit related assurance services) in respect of 2018 were paid during 2019.

6 Directors' emoluments

CLAM operates as part of the larger Canada Life UK group and utilises personnel and services from CLFIS (U.K.) Limited (CLFIS), the group services company. CLAM does not directly employ any staff members.

Certain directors of this Company have their remuneration paid by CLFIS, a fellow subsidiary of The Canada Life (Group) UK Limited. It is not considered practicable to apportion the emoluments between their services as Directors of the Company and their services as Directors of other group undertakings. The aggregate amount of emoluments paid or received by these directors during the year was as follows:

	2019 £'000	2018 £'000
Fees	75	112
Emoluments	<u>1,846</u>	<u>1,883</u>
Highest paid director Fees	39	42
Highest paid director Emoluments	<u>1,014</u>	<u>1,054</u>

As at 31 December 2019, the highest paid director had accrued pension benefits of £7.8k (2018: £7.5k).

As at 31 December 2019, one (2018: one) director had accrued retirement benefits.

As at 31 December 2019, two (2018: two) of the Company's directors who were employed within the UK group of companies had share options. No Director who was employed within the UK Group of companies exercised share options during the year (2018: one director).

Canada Life Asset Management Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Tax on profit on ordinary activities

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>4,710</u>	<u>4,265</u>
Corporation tax	<u>895</u>	<u>811</u>
Tax on profit on ordinary activities	<u>895</u>	<u>811</u>

There is no recognised or unrecognised deferred tax in either the current or prior year. The standard rate of tax applied to reported profit is 19% (2018: 19%).

8 Debtors

	2019 £'000	2018 £'000
Trade debtors	2,731	2,321
Prepayment	5	22
Bank interest receivable	1	7
	<u>2,737</u>	<u>2,350</u>

9 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group companies	2,923	1,380
Corporation tax payable	1,030	911
Accruals	174	816
	<u>4,127</u>	<u>3,107</u>

The Company does not directly employ any staff. Amounts owed to group companies is in respect of on-going staff, resources and support provided by the Canada Life service company CLFIS and is paid monthly. 2019 amount represents two months of expenses.

10 Called up share capital

The Company has one class of ordinary shares which carry no right to fixed income.

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
2,250,000 ordinary shares of £1 each	2,250	2,250
Allotted, called up and unpaid		
1 ordinary share of £1	<u>-</u>	<u>-</u>

Canada Life Asset Management Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Parent Company and controlling party

As at the balance sheet date the immediate parent company and controlling party is The Canada Life Group (UK) Limited, a company incorporated in the UK. The ultimate parent company, which is also the parent company of the largest group of companies for which consolidated financial statements are drawn up and of which the Company is a member, Power Corporation of Canada, is incorporated in Canada. The parent company of the smallest group for which consolidated financial statements are drawn up and of which the Company is a member, The Canada Life Assurance Company, is incorporated in Canada.

Copies of the group financial statements for both The Canada Life Assurance Company and Power Corporation of Canada can be obtained from the Company's registered office.

Registered Office (Power Corporation)	751 Victoria Square Montreal Quebec Canada H2Y 2J3
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12 Events after the end of the reporting period

The ongoing coronavirus pandemic (COVID-19) is an emerging risk to which the Company is exposed. The Company is monitoring the situation closely, including carrying out stress and scenario testing, and has made preparations to ensure that it will continue to operate effectively and ensure the safety and well-being of customers, employees and wider communities. Service continuity plans are in operation, with employees working remotely to maintain service to customers.

The outbreak is having an impact on global economies and markets to which the Company and its customers are exposed and should this impact be sustained, or lead to adverse impacts on revenue and sales, it will continue to impact on the Company's performance. These impacts will depend on future developments, which are highly uncertain. The Company has robust governance structures and processes in place which support continuous monitoring of the Company's solvency position.

The directors consider this a non-adjusting post balance sheet event.

The financial impact is primarily expected to be on CLAM's revenue in 2020 leading to reduced profits. Net assets of the Company are not expected to be materially impacted as the vast majority of the Company's assets are held in highly liquid, high quality money market funds, cash and cash equivalents.

As at 31 December 2019 the Company's solvency cover ratio was 189% (unaudited), rising to 196% (unaudited) as at 31 March 2020. As at the date of approval of the financial statements, the Company continues to operate well in excess of its Solvency Capital Requirement.