



Insurance | Investments | Group Benefits

Performance and perspective

Equitable's 2025 annual whole life participating fund report



Our shared success and strength

Built for Canadians, by Canadians

For more than 100 years, Equitable has proudly served Canadians. As a mutual company, we are focused on long-term value rather than short-term market pressures. We don't answer to shareholders. We exist for our clients. That difference matters. It means every decision we make focuses on strengthening the financial wellbeing of our clients, partners, and communities we're a part of, today, and for generations to come.

Our whole life participating fund (the par fund) is a direct expression of that mutual commitment. Designed for the benefit of participating policy owners, the par fund allows clients to share in the long-term value created through disciplined investing, thoughtful risk management and sustainable growth.

Participating policy premiums are allocated to the par fund, which is managed by Equitable with the interests of our clients in mind. The par fund supports the payment of policy benefits, dividends, operating expenses, and contributions to the surplus, with remaining assets invested in accordance with our long-term strategy. Investment returns, along with other key factors such as taxes, expenses, and death benefit claims, influence the dividend scale and the dividends payable to participating whole life policy owners each year.

The participating fund is managed to ensure that contractual guarantees, including guaranteed cash values and death benefits, are met, and is monitored closely for overall performance. However, our mutual structure allows us to manage the par fund with a longstanding focus that puts clients first.

This guide offers a perspective into our par fund's annual performance, including how we invest its assets, the strength and diversification that reinforce it, and the investment returns that support client dividends over time. It provides an insight into how returns are earned. It's a transparent view into how our mutual structure works in practice, and how it continues to serve clients' long-term interests.

We've kept our promise for over a century to be there when Canadians need us most. As a mutual company, that promise doesn't change with market pressures or shareholder expectations. It endures. And it's why we are committed to ensuring all Canadians share in the benefits of living an equitable life.

Together. Protecting today. Preparing tomorrow.

235K⁺

participating whole life clients trust us to protect what matters most.

Our participating fund principles



Strength

Our scale and disciplined investment approach provide a strong foundation for sound decision-making.

This strength allows us to pursue a broad range of short- and long-term investment opportunities and respond thoughtfully to market conditions, helping support a consistent and sustainable performance.



Stability

We have a competitive participating fund rate of return. Our participating fund has been open – and never closed – since 1936.

This longstanding continuity reflects the strength, resilience and stability of our approach across changing market environments.



Strategy

Since 1920, our Asset Management team has provided strategic oversight of Equitable's assets.

This approach reflects a commitment to prudent risk management, diversified investing and disciplined execution in support of our long-term goals.

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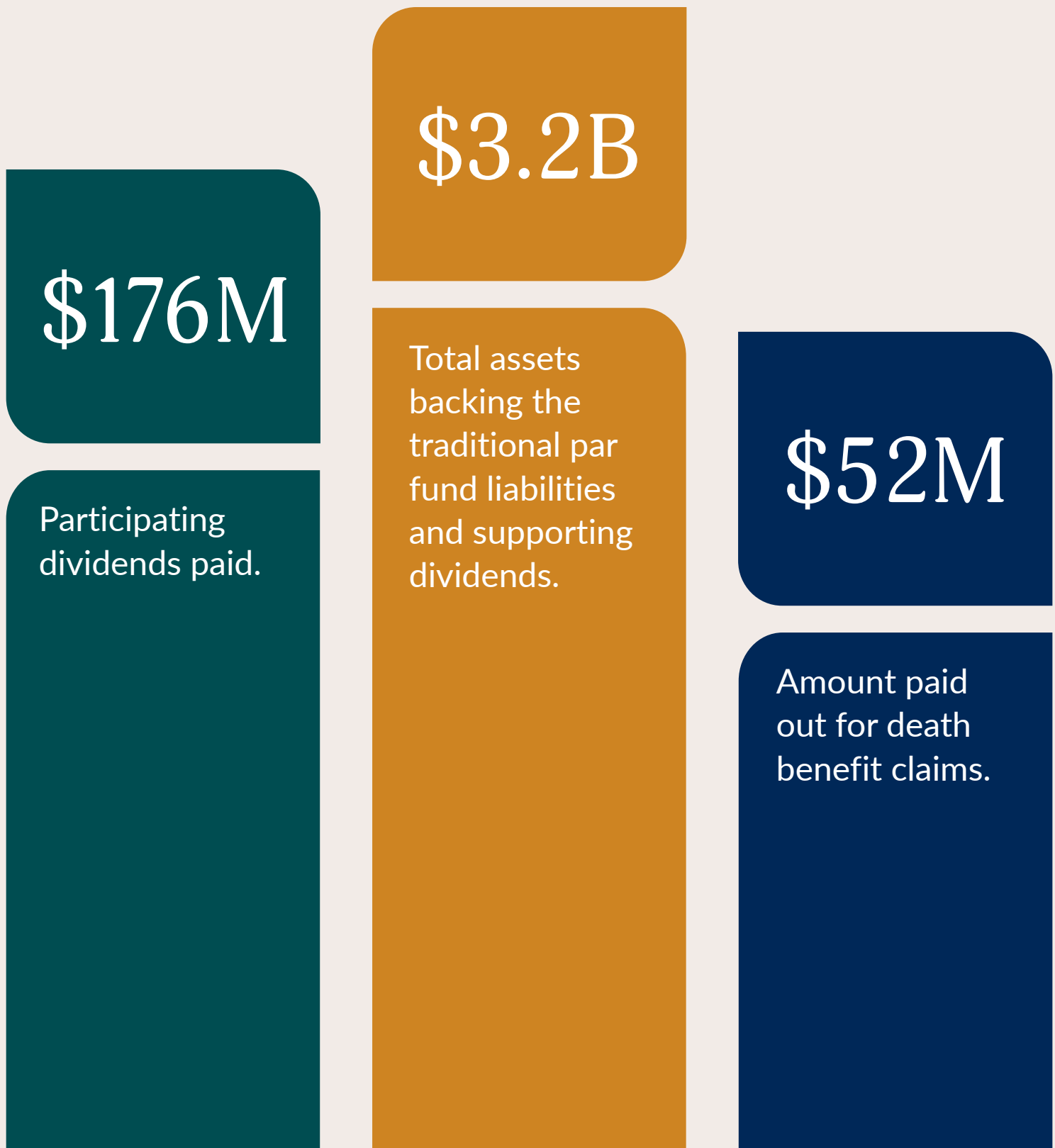
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This text may have forward-looking statements. These are based on Equitable's current opinions and views about what might happen in the future. These statements may take on risks, uncertainties, and beliefs. The actual outcome of the events or results predicted may happen differently from what is said here. Equitable's views, opinions or beliefs could change based on previously unknown information. They could also change for other reasons. We have no duty to update any forward-looking statements in this text. We ask the reader to think about these and other factors carefully. We also ask the reader to not place undue reliance on forward-looking statements.

2025 participating fund financial highlights

Strong. Stable. Here for you today and tomorrow.

Dollar values and basis points are as of December 31, 2025.



1936

The first year we started selling participating whole life insurance – with dividends paid every year since.

6.40%

Dividend scale interest rate from July 1, 2026, to June 30, 2027.

22
basis points

Investment expenses.

Components of the traditional participating account

For regulatory purposes, the traditional participating account has these components:

- Participating fund — fulfillment cashflows
- Participating contractual service margin
- Participating policyholder surplus

Participating fund — fulfillment cashflows

Fulfillment cashflows represent all the cashflows required to meet all our obligations under participating policies, including margins for risk. This portion of the account is used in determining experience dividends. Assets, liabilities, transactions, and earnings are recorded in the fund. Investment income earned on the assets, less investment expenses, determines the investment return.

To help us spread income evenly, we review the performance of investments over time. We use the portfolio average approach. This approach shares returns with all participating clients. With the portfolio average approach, we spread out investment income fairly among classes of participating policyholders.

Throughout this document, this component is generically referred to as the traditional participating fund, or par fund, since this is the only component that directly contributes to dividend experience. At year-end 2025, the value of this fund was \$3.2 billion.

Participating contractual service margin and policyholder surplus

The participating contractual service margin and policyholder surplus are not used in determining experience dividends on participating policies. They are measures of current and future profit that we track for accounting purposes. They are both forms of surplus.

At year-end 2025, the value of the participating contractual service margin was \$0.5 billion and the value of the participating policyholder equity was \$1.7 billion, which includes contributions from both par and non-par business.

Some of the money in the participating account goes into the contractual service margin and policyholder equity as a permanent contribution to policyholder equity. This account is used to:

- Support the growth and development of Equitable's operations and ability to invest in systems, capabilities and strategic initiatives, and
- Provide financial strength and stability to help Equitable meet its obligations now and in the future.

We consider this when we determine the dividend scale.

Equitable's financial strength

The financial regulator, OSFI, requires that financial institutions hold surplus to ensure that they can meet their financial obligations.¹ The amount they are required to hold is determined by the size and nature of the risks they have insured.

Earnings from all lines of business (par and non-par policies) accumulate and help support Equitable's surplus position. While Equitable is required to support its guaranteed policy values to clients, the surplus is used to build financial strength and support new business growth. This money does not contribute to the dividends that are illustrated on par policies. This money is a safety net for clients with both non-participating and participating policies in case reserves for any of Equitable's products turn out to be insufficient.

Table 1 shows that Equitable currently has \$1.59 for every dollar we are required to hold. This means Equitable has one of the safest surplus cushions in the industry to guarantee our promises to clients. One of the most important differences between mutual companies and stock companies is who this money is intended to benefit. Equitable has no shareholders to pay.

Table 1 (in thousands of dollars)

	2025	2024
(a) Tier 1 capital	\$ 2,117,016	\$ 1,889,379
(b) Tier 2 capital	257,824	121,062
(c) Available capital	\$ 2,374,840	\$ 2,010,441
(d) Surplus allowance and eligible deposits	\$ 833,553	\$ 693,506
(e) Base solvency buffer	\$ 2,018,058	\$ 1,604,324
(f) Total LICAT ratio	159%	169%

(c + d/e = f)

¹ Equitable is subject to regulation by OSFI, which prescribes guidelines requiring Equitable to maintain levels of capital which are dependent on the type and amount of policies and contracts in-force, and the nature of Equitable's assets. The minimum levels of capital are calculated in accordance with the Life Insurance Capital Adequacy Test (LICAT) issued by OSFI. At December 31, 2025, Equitable's Total LICAT Ratio was 159%, which is well in excess of the minimum level of 100% required by OSFI.

The participating fund

Managing for long-term stability

The par fund is where we hold the assets for policies eligible to receive dividends. The fund is used to support paying out death benefits, surrender benefits or dividends to participating policies. The par fund is a component of Equitable's traditional participating account.

Premiums are set based on many assumptions about how long clients will live, how investments will perform, how much it will cost to administer policies, and how to prepare for a range of participating client behaviours, including how many policies will lapse and when. These assumptions are set conservatively, and actual experience is expected to be better, although it is not guaranteed. Even when actual experience of the par fund is worse than expected, dividends can never be less than 0.

Each year, we monitor how actual experience compares to our best guess for each assumption. Any differences are reflected in changes to the dividends paid and projected for the future on this basis.

Dividends can be comprised of several experience components. The investment component demonstrates how funds within the participating fund were managed and performed, while other components represent the performance of the insurance aspects of our business. To mitigate abrupt fluctuations in dividends, all components may undergo smoothing or adjustments to accommodate significant changes in the experience factors of the participating fund over time.

If results for a component were better than we expected, this is a good thing and has a positive effect on the dividend scale and the dividends we pay. If results for a component were worse than we expected, this has a negative effect on the dividend scale and the dividends we pay. Positive results for some components can offset negative results for others.

Dividend components: Impact on dividends



This image outlines key components of the par fund. It shows how their relative stability and predictability contribute to dividends paid to participating clients. The following section begins by reviewing the investment returns component, as it has the highest impact on dividends, followed by explanations of the other dividend components and their impact.

The participating fund investment portfolio

As a mutual company, we manage the par portfolio, the investment portion of the par fund, using a strategic mix of different asset classes and disciplined portfolio construction to help deliver strong, steady, long-term results for participating clients, who are also our owners.

We are proud that our clients have increasingly entrusted us with the management of the par assets, reflecting the mutual nature of the par fund where our clients with participating policies can share both the risks and rewards. As a result, assets under management in the par fund have grown to over \$3.2 billion as of the end of 2025.

Despite tremendous growth, our par fund remains smaller than other par funds. However, this means we can retain the competitive advantage of our smaller size through a couple of key ways:

1. we can be nimble in our investment approach, and
2. we have the opportunity to tactically adjust our asset allocation over time with the objective of acting in the best interests of our clients and taking advantage of relative value opportunities in ever-changing capital markets.

Our par fund investment portfolio is powerful because of the diversified collection of assets and asset classes it includes. Par portfolios go well beyond stocks and bonds. At Equitable, our par portfolio includes 10 different asset classes.

The different asset classes include a range of fixed income assets and non-fixed income assets:

Fixed income	Fixed income assets are the stable backbone of the portfolio. These include public bonds (including both government and corporate bonds), private debt and commercial mortgages.
Non-fixed income	Non-fixed income assets enhance the portfolio's returns by providing greater potential for appreciation of capital. These assets tend to benefit most as the economy grows. They include 4 types of equity asset classes including preferred equity, public equity, private equity, infrastructure equity, as well as real estate.

The participating fund investment portfolio details (Table 2) shows our par fund portfolio assets, their dollar amounts and what percentages of our assets are within each of the different asset classes we invested in.

Participating fund investment portfolio details

Table 2

	Allocation guidelines	As of December 31, 2025		As of December 31, 2024		Changes	
		Value*	Weight	Value*	Weight	Value*	Weight
Short term							
Cash and equivalents	0%-4%	\$52,234	2%	\$54,395	2%	\$(2,161)	-0.6%
<i>Total short-term</i>		\$52,234	2%	\$54,395	2%	\$(2,161)	-0.6%
Fixed income							
Public government bonds	3%-50%	\$247,256	8%	\$234,101	10%	\$13,155	-1.9%
Public corporate bonds	10%-35%	\$665,925	21%	\$526,501	22%	\$139,424	-0.9%
Private debt	5%-20%	\$388,009	12%	\$250,421	10%	\$137,588	1.8%
Commercial mortgages	6%-20%	\$271,758	9%	\$192,564	8%	\$79,194	0.6%
<i>Total fixed income</i>		\$1,572,948	50%	\$1,203,587	50%	\$369,361	-0.5%
Non-fixed income							
Preferred equity	0%-10%	\$151,095	5%	\$104,852	4%	\$46,243	0.4%
Public equity	10%-30%	\$578,384	18%	\$407,149	17%	\$171,235	1.3%
Private equity	0%-10%	\$60,830	2%	\$39,644	2%	\$21,186	0.3%
Infrastructure equity**	0%-3%	\$2,976	0%	\$0	0%	\$2,976	0.1%
Real estate	10%-25%	\$394,371	12%	\$296,543	12%	\$97,828	0.1%
<i>Total non-fixed income</i>		\$1,187,656	38%	\$848,188	35%	\$339,468	2.2%
Total invested assets		\$2,812,838	89%	\$2,106,170	88%	\$706,668	
Policy loans		\$331,503	10%	\$278,063	12%	\$53,440	-1.1%
Other assets		\$13,129	0%	\$9,848	0%	\$3,281	0.0%
Total assets		\$3,157,470	100%	\$2,394,081	100%	\$763,389	

* In thousands of dollars.

** Infrastructure equity newly added to Equitable's par portfolio in 2025.

Percentages are based on total assets in the fund at that time and are rounded for display purposes. It also shows the allocation guidelines we follow for each of these assets. Allocation guidelines may change in the future.

Asset classes

Public bonds

Public bonds are fixed income investments. The issuers (sellers) of the bonds are a mix of corporations and governments. Our public bond portfolio is mostly in Canadian securities. The public bonds we buy are investment grade. This means the issuers have good credit quality. There is low risk they won't be able to pay us when the bond reaches the end of its term. Fixed income investments like bonds help to make sure there's enough money to cover any guarantees.

Private debt

Like public corporate bonds, private debt represents loans made to corporations. However, these investments are not offered in the public market and are available only to buyers who meet certain requirements. Private bonds like private debt usually don't trade. This makes them harder to sell if the risk changes. Because of this, they generally have higher yields, or returns, than public bonds. Equitable's private debt investments are mostly investment grade and include many diverse types of industries.

Commercial mortgages

The commercial mortgages that we invest in are Canadian. They are also centered on major cities. Generally, we look for good income-producing properties. These properties have stable cash flows to provide a stable return.

Equities

We have 4 different types of equity categories in the par portfolio.

These include public equity, also known as common stock, and preferred equity, also known as preferred shares. Investments in both public equity and preferred equity are in companies that trade on public stock markets. We use exchange traded funds (ETFs) to invest in the public equity markets. ETFs are investment vehicles that hold a basket of securities and that trade daily on a public exchange.

Our public equity investments are broad based and in North America. This means we use ETFs to invest in a variety of companies across a variety of industries. We generally do so just in Canada and the United States. We invest in preferred equity by buying shares issued by individual corporate issuers. Preferred equity investments usually offer more stable cashflows than public equity. They also have higher returns than fixed income assets. This makes them a good choice for the par fund.

We also have investments in private equities and infrastructure equity. Private equities are investments in companies not traded on a public stock market. These are generally smaller companies than those in the public markets. This means they can generally offer higher returns. Infrastructure equities are investments in the companies that develop, operate and maintain the systems that we rely on for modern life. These include investments in energy, transportation and digital connectivity. For both private equity and infrastructure equity, large capital investments are required and so only certain investors can buy these types of assets.

Real estate

We invest in real estate both directly by purchasing and directly owning Canadian properties, and indirectly by investing in real estate funds. This provides greater diversification. Real estate investments offer steady cashflow through rent payments, while also acting as a hedge against inflation and providing potential for long-term capital appreciation.

Quality of the fixed income assets

The quality of our assets is also important for optimizing outcomes. Diversification helps to manage risk within our portfolio to help achieve the most desirable and stable outcomes.

Some of the ways we diversify our assets are:

- investing in different types of maturities for our fixed income portfolio,
- investing in many sectors and industries for our fixed income portfolio, and
- investing in a variety of different issuers in each sector.

Investments by term

Our focus is long-term stability. 57% of our fixed income investments have terms of 5 years or more.

Years to maturity	\$ Thousands	Percentage
0 to 5 years	\$743,789	47%
5 to 10 years	\$401,877	26%
Over 10 years	\$427,282	27%
Total	\$1,572,948	100%

As of December 31, 2025, for fixed income securities. Percentages have been rounded for display purposes.

Investments by quality

Our public and private fixed income portfolios include investment grade securities. This means the issuers are considered trustworthy and doing well. In other words, they have good credit quality.

Investment grade securities get a rating of BBB or higher (A/AA/AAA) from a recognized rating company. The rating shows how likely it is for an investment to default or not be paid back. Investment grade securities have a lower chance of defaulting. The lowest risk is with securities that have an AAA rating.

Rating	Percentage
AAA (high credit quality)	5%
AA (high credit quality)	26%
A (medium credit quality)	36%
BBB (medium credit quality)	32%
BB or less (low credit quality)	1%
Total	100%

As of December 31, 2025, for fixed income securities. Percentages have been rounded for display purposes.

Investments by sector

Our investments in public corporate bonds range across a variety of sectors.



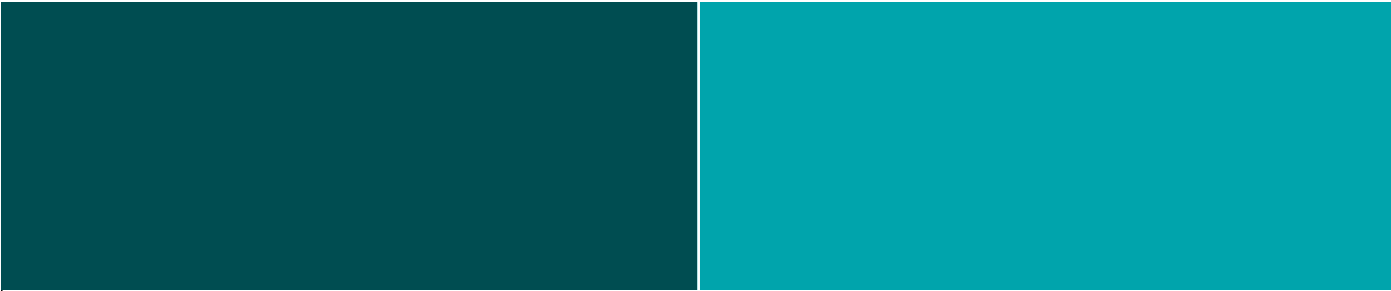
Financials	45%
Energy	24%
Industrial	10%
Infrastructure	10%
Communication	7%
Securitization	3%
Real estate	2%

As of December 31, 2025, for corporate bonds. Percentages have been rounded for display purposes.

Non-fixed income assets

Geographic distribution of public equities

Our public equities are diversified geographically between Canada and the United States (U.S.).



Canada	50%
U.S.	50%

As of December 31, 2025, for public equities. Percentages have been rounded for display purposes.

Historical participating fund performance

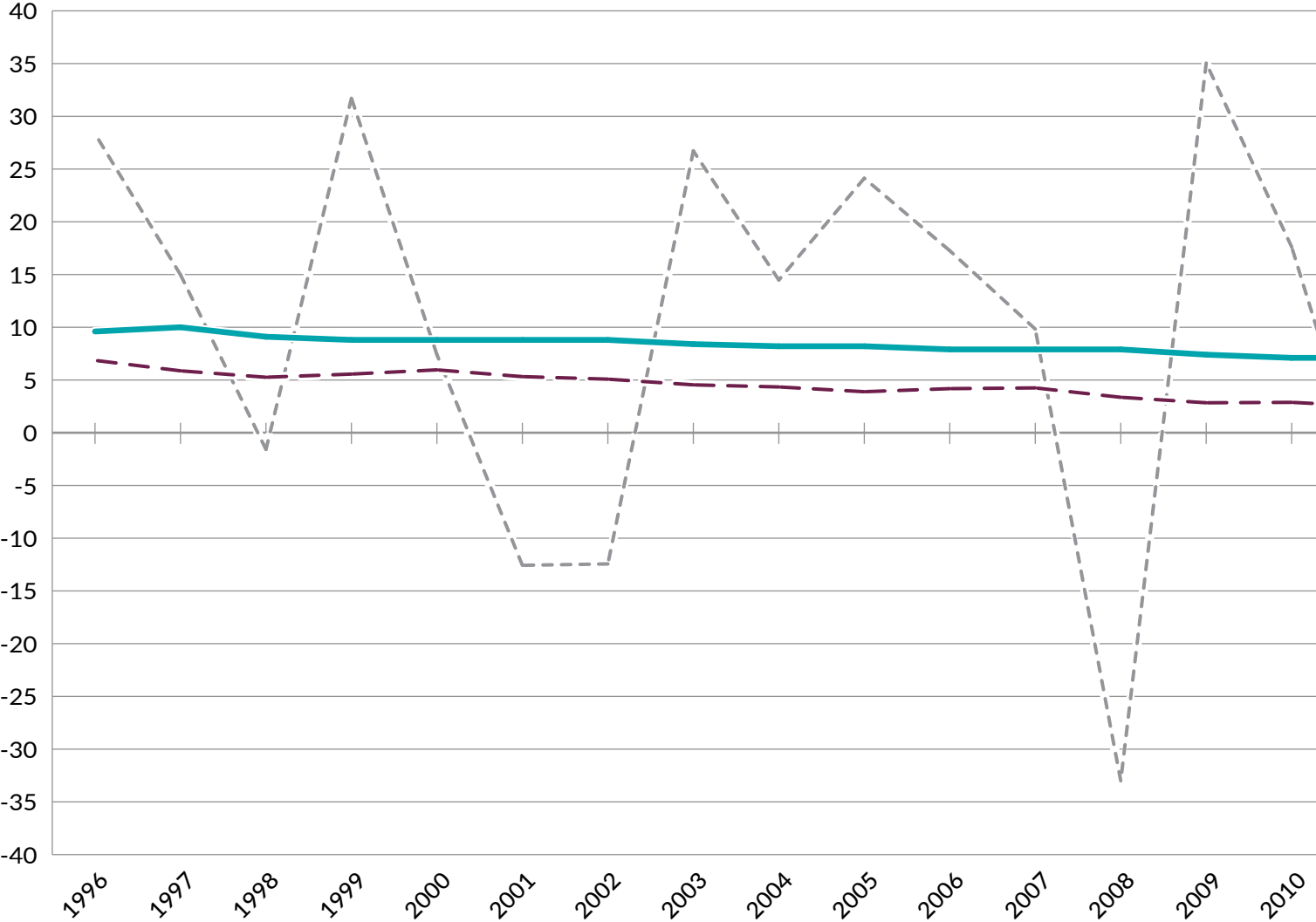
Dividend scale interest rate

The dividend scale interest rate (DSIR) is used to reflect the investment performance of the par fund.

We smooth returns on riskier assets so the DSIR is not drastically affected in a short time. We then use the DSIR in setting the dividend scale to determine the interest part of the dividend payment a policy may get.

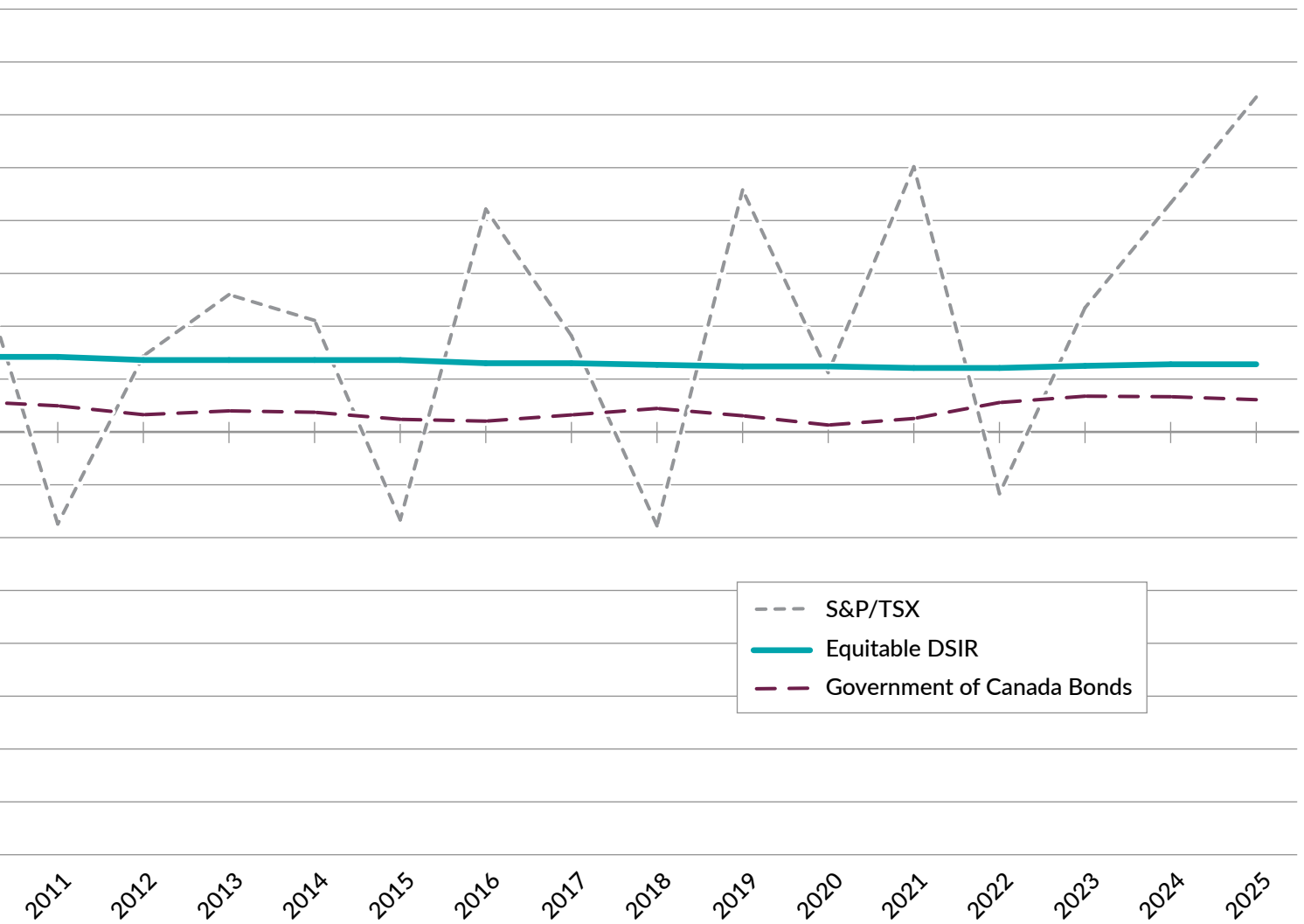
Because we smooth the ups and downs, changes in the dividend scale interest rate will lag interest rate changes and par fund returns. If interest rates are low, the dividend scale interest rate usually goes down in the future. When interest rates rise, the dividend scale interest rate usually goes up in the future.

Dividend scale vs. the economy



6.40%

Dividend scale interest rate from July 1, 2026, to June 30, 2027.



Historical returns

Table 3 shows our historical par fund rate of return and dividend scale interest rate (DSIR) compared to other well-known investments and economic indicators. The DSIR is a smoothed rate gross of expenses and reflects some tax benefits.

The historical par fund rate of return reflects the actual investment return earned by the par fund over a calendar year, after investment expenses, using book yields for fixed income assets and mark-to-market valuation for non-fixed income assets.

Table 3

Year	Participating fund rate of return	Dividend scale interest rate (DSIR)	S&P/TSX Total Return Index	Government of Canada 5-to-10-year bonds interest rate	5-year GIC interest rate	Consumer Price Index
1989	10.27%	11.30%	21.37%	9.83%	10.30%	5.20%
1990	10.18%	11.30%	-14.80%	10.82%	11.20%	5.00%
1991	10.04%	11.30%	12.02%	9.36%	9.30%	3.80%
1992	9.60%	10.70%	-1.43%	8.16%	7.80%	2.10%
1993	9.55%	10.70%	32.55%	7.24%	6.40%	1.70%
1994	9.63%	10.20%	-0.18%	8.26%	7.40%	0.20%
1995	9.43%	10.20%	14.53%	7.93%	7.10%	1.80%
1996	9.14%	9.60%	28.35%	6.86%	5.60%	2.20%
1997	8.54%	10.00%	14.98%	5.87%	4.70%	0.80%
1998	8.32%	9.10%	-1.58%	5.26%	4.40%	1.00%
1999	8.23%	8.80%	31.71%	5.56%	4.80%	2.60%
2000	8.23%	8.80%	7.41%	5.96%	5.30%	3.20%
2001	7.74%	8.80%	-12.57%	5.32%	4.00%	0.70%
2002	8.02%	8.80%	-12.44%	5.08%	3.90%	3.80%
2003	7.70%	8.40%	26.72%	4.54%	3.10%	2.10%
2004	7.64%	8.20%	14.48%	4.34%	2.90%	2.10%
2005	7.48%	8.20%	24.13%	3.89%	2.70%	2.10%
2006	7.59%	7.90%	17.26%	4.18%	3.20%	1.70%
2007	7.30%	7.90%	9.83%	4.25%	3.30%	2.40%
2008	4.92%	7.90%	-33.00%	3.36%	3.01%	1.20%
2009	8.58%	7.40%	35.05%	2.84%	1.95%	1.30%
2010	7.80%	7.10%	17.61%	2.88%	2.00%	2.40%
2011	6.00%	7.10%	-8.71%	2.47%	1.87%	2.30%
2012	7.34%	6.80%	7.19%	1.63%	1.65%	0.80%

Year	Participating fund rate of return	Dividend scale interest rate (DSIR)	S&P/TSX Total Return Index	Government of Canada 5-to-10-year bonds interest rate	5-year GIC interest rate	Consumer Price Index
2013	8.54%	6.80%	12.99%	1.99%	1.63%	1.20%
2014	8.25%	6.80%	10.55%	1.86%	1.92%	1.50%
2015	4.03%	6.80%	-8.32%	1.19%	1.47%	1.60%
2016	7.23%	6.50%	21.08%	1.02%	1.41%	1.50%
2017	6.90%	6.50%	9.10%	1.61%	1.39%	1.90%
2018	3.70%	6.35%	-8.89%	2.22%	1.69%	2.00%
2019	7.49%	6.20%	22.90%	1.53%	2.08%	2.20%
2020	5.15%	6.20%	5.60%	0.65%	1.28%	0.70%
2021	11.07%	6.05%	25.09%	1.27%	0.99%	4.80%
2022	3.04%	6.05%	-5.84%	2.78%	2.87%	6.30%
2023	6.03%	6.25%	11.75%	3.38%	3.80%	3.40%
2024	7.32%	6.40%	21.65%	3.33%	3.67%	1.80%
2025	7.94%	6.40%	31.68%	3.05%	2.95%	2.40%

Table 3b – Average annualized returns and standard deviation

Year	Participating fund rate of return	Dividend scale interest rate (DSIR)	S&P/TSX Total Return Index	Government of Canada 5-to-10-year bonds interest rate	5 year GIC interest rate	Consumer Price Index
1 Year	7.94%	6.40%	31.68%	3.05%	2.95%	2.40%
5 Years	7.05%	6.23%	16.09%	2.76%	2.85%	3.73%
10 Years	6.56%	6.29%	12.66%	2.08%	2.21%	2.69%
20 Years	6.79%	6.77%	8.44%	2.37%	2.20%	2.16%
25 Years	6.98%	7.11%	8.08%	2.82%	2.43%	2.16%
30 Years	7.23%	7.46%	9.28%	3.33%	2.84%	2.13%
35 years	7.57%	7.91%	9.50%	4.01%	3.51%	2.10%
Standard deviation since 1989	1.84%	1.70%	15.85%	2.70%	2.63%	1.37%

Calculated as of the end of 2025.

The information in Table 3 is from Statistics Canada, Bank of Canada, and Equitable. All data is from December 31 of the year shown (for the DSIR, the rate on December 31 is set as of July 1 in the applicable year). We use the industry standard geometric return calculation to account for the impacts of compounding. Past results do not show what will happen in the future.

Mark-to-market participating fund rate of return

The mark-to-market participating fund rate of return reflects the current market value of all the assets in the par fund at a specific point in time. While it's useful for understanding what's happening in financial markets, it isn't how we set the dividend scale interest rate (DSIR).

That's because participating whole life insurance is designed with the long-term in mind. Many of the investments in the participating fund, such as bonds, are intended to be held until they mature, rather than bought and sold based on short term market changes. As a result, short-term market values don't always reflect how these assets are expected to perform over time.

The DSIR is based on a broader, longer term view. It considers investment performance over multiple years and balances past experience with expectations for future returns. This approach helps create stability and consistency, rather than reacting to year-to-year market ups and downs. For this reason, the mark-to-market rate of return isn't a reliable way to predict changes to the DSIR.

Interest rates provide a helpful example. When interest rates fall, bond prices in the market typically rise. However, since many bonds in the participating fund are held to maturity, those higher market values aren't immediately realized. Over time, lower interest rates may lead to lower yields on new investments, which could gradually affect the DSIR. When interest rates rise, the yields on new investments may support higher returns in the future. In both cases, any changes to the DSIR happen slowly and deliberately, rather than all at once.

We take a similar approach with investments that tend to fluctuate more, such as equities and real estate. Gains and losses from these assets aren't fully reflected in the DSIR in a single year. Instead, their impact is spread over time. This smoothing helps reduce short-term volatility while still capturing their long-term value, supporting more stable outcomes for participating clients.

7.74%

Mark-to-market (MTM)
par fund rate of return for
invested assets.

As of December 31, 2025.

DSIR future outlook

Because of smoothing that leads to lags between the DSIR, the par fund rate of return and market conditions, there is greater stability in the DSIR than in market rates.

Even if market conditions led to lower interest rates, it would take some time before the dividend scale interest rate followed. Likewise, if market conditions led to increases in interest rates, the dividend scale interest rate would increase slowly.

While we cannot know what future years will hold, the long-term downward pressure on DSIR from low interest rates has slightly reversed in recent years, with DSIR rising from 6.05% in 2022 to 6.40% in 2024 and continuing at this rate through 2025 and 2026.

Our par illustrations show the impact of if the DSIR were to drop by 1% and 2%. This helps to visualize the potential impacts to the values within participating policies over those periods, but is not a prediction of future events.

Other components of the dividend

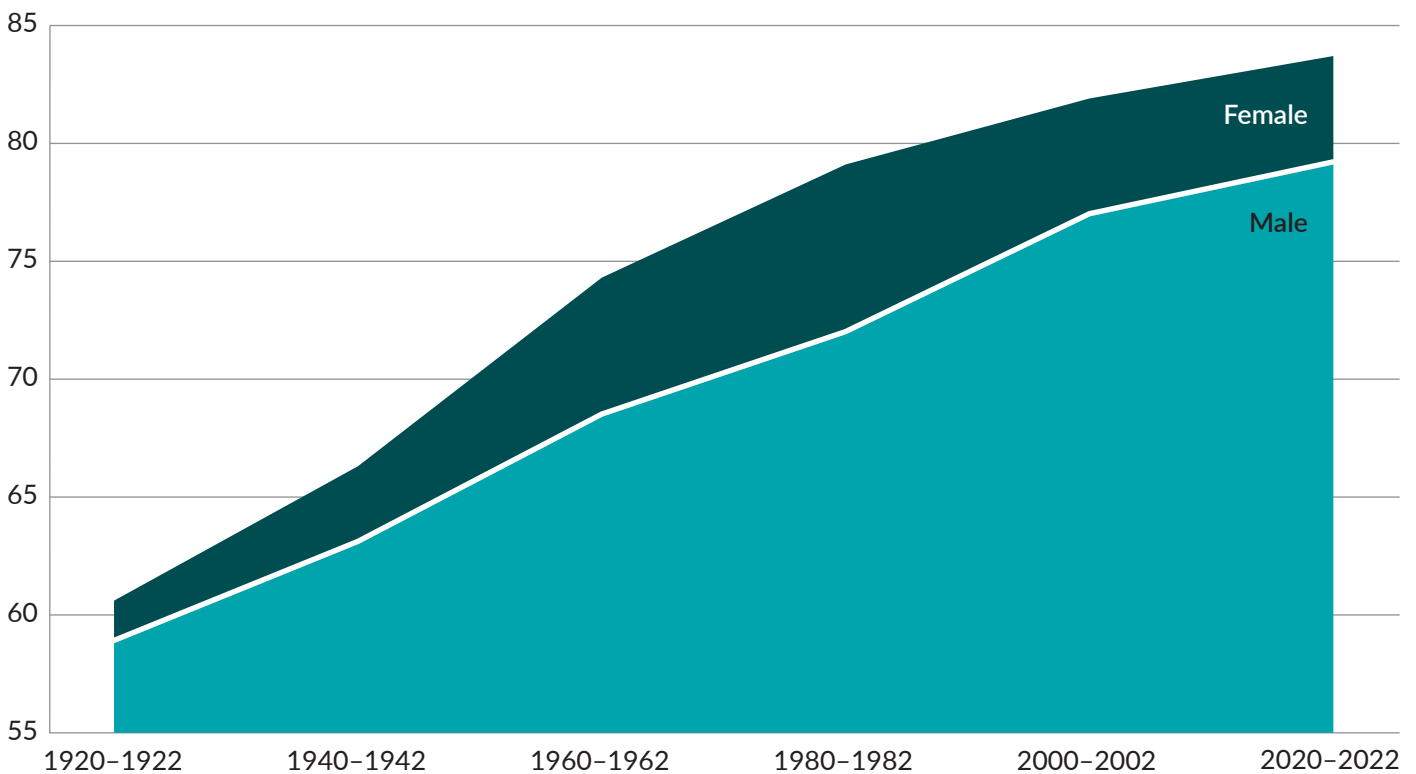
Mortality

When clients who have a participating policy live longer than expected, it means more premiums are collected than anticipated and death claims are paid out later than anticipated. This can significantly enhance the performance of the par fund. The mortality component of the dividend has the most substantial impact for clients in their 70s, 80s, and 90s, since the likelihood of death is higher at these ages. For younger clients, the mortality component of the dividend has less impact because the probability of death is much lower.

Equitable uses reinsurance as a risk management tool to support the long-term stability of the participating fund and to manage exposure to large individual risks. Reinsurance helps diversify mortality risk while maintaining strong capital and financial resilience. The majority of policy face amounts is retained by Equitable, with reinsurance used selectively where appropriate, consistent with industry practice and our overall risk management framework.

Like interest rates, the best estimate of life expectancy used to project decades of dividends is today's actual results. This means that if life expectancy increases in future years, as it has over the past 100 years, then dividends would be higher than currently projected. Equitable does not assume these future gains when calculating our current mortality dividends or DSIR. The chart below shows the steady trend for many years towards longer lifespans, which is good for dividends if it continues.

Life expectancy average over the last 100 years



The information above is from Statistics Canada. Table 13-10-0114-01 Life expectancy and other elements of the complete life table, three-year estimates, Canada, all provinces except Prince Edward Island. DOI: <https://doi.org/10.25318/1310011401-eng>.

Equitable has a young average age of insured persons under participating policies. By policy count, the average age is just 26.3. Weighted by premium, it is 41.8. This means that there are several decades before a typical death benefit claim is made, leaving lots of time for mortality gains to arrive and compound.

Lapse

If a client surrenders their policy or they don't pay their policy premiums when due, their contract with us ends. We call this a policy lapse. We expect a certain number of lapses every year, and each lapse can be either positive or negative to the par fund depending on several factors. For example, some policies have better cash surrender values than others, and it can also matter whether the policy is reinsured.

Expenses

Some of the assets in the par fund are used to pay for expenses associated with the ongoing administration and management of participating policies. These are more under Equitable's control than other factors and so are less volatile. The impact of expenses on dividends is small. Inflation pressures on business expenses can cause a drag on dividends, and operational efficiencies can provide a benefit to dividends.

This text may have forward-looking statements. These are based on Equitable's current opinions and views about what might happen in the future. These statements may take on risks, uncertainties, and beliefs. The actual outcome of the events or results predicted may happen differently from what is said here. Equitable's views, opinions or beliefs could change based on previously unknown information. They could also change for other reasons. We have no duty to update any forward-looking statements in this text. We ask the reader to think about these and other factors carefully. We also ask the reader to not place undue reliance on forward-looking statements.

The mutual difference

Many life insurance companies in Canada are stock companies. Very few are mutually structured, which means ownership by clients with participating policies rather than shareholders. Equitable is one of Canada's largest mutual life insurance companies. As a mutual, our ownership structure allows us to take a long-term approach and align our decisions with the interests of our participating clients. To this end, we keep our participating clients at the centre of everything we do.

The benefits of dealing with a mutual company

- As a mutual company, we provide financial security differently – by focusing exclusively on our clients.
- We believe in the power of together. We work with advisors to help ensure clients receive the right advice and solutions that meet their needs. We are focused on the client and delivering impact and positive outcomes.

Ready to take part in the mutual experience?

Reach out to your advisor or visit equitable.ca

About Equitable

At Equitable, we believe in the power of together. This is how we focus on our clients. It's how we support advisors and give back to our communities.

Partnered with advisors we offer insurance, investments and group benefit solutions to help our clients protect today and prepare tomorrow. We believe the world is better when we work together.



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