

Participating Account Asset Mix

Quarterly Update

As of March 2022

| | March 2022 | | December 2021 | |
|-----------------------------------|--------------|------------|---------------|------------|
| | \$ Thousands | Percentage | \$ Thousands | Percentage |
| Short term | | | | |
| Cash and equivalents | \$ 1,588 | 0% | \$ 1,558 | 0% |
| <i>Total short term</i> | \$ 1,588 | 0% | \$ 1,558 | 0% |
| Fixed income | | | | |
| Government bonds | \$ 137,471 | 11% | \$ 150,449 | 12% |
| Corporate bonds | \$ 281,512 | 22% | \$ 271,514 | 22% |
| Private placements | \$ 138,302 | 11% | \$ 128,330 | 11% |
| Commercial mortgages | \$ 130,565 | 10% | \$ 112,211 | 9% |
| <i>Total fixed income</i> | \$ 687,850 | 54% | \$ 662,504 | 54% |
| Non-fixed income | | | | |
| Real estate | \$ 169,021 | 13% | \$ 162,640 | 13% |
| Common and preferred equity | \$ 258,135 | 21% | \$ 249,427 | 21% |
| <i>Total non-fixed income</i> | \$ 427,156 | 34% | \$ 412,067 | 34% |
| Total invested assets | \$ 1,116,595 | 88% | \$ 1,076,130 | 88% |
| Policy loans | \$ 123,034 | 10% | \$ 116,744 | 10% |
| Other assets | \$ 20,466 | 2% | \$ 22,548 | 2% |
| Total participating assets | \$ 1,260,095 | 100% | \$ 1,215,422 | 100% |

The investments in the participating account are managed by the Equitable Asset Management Group, which is ideal for clients who are looking for a more stable, hands-off investment approach.

* Values are published in the guide Understanding Participating Whole Life Insurance (1038). See guide for more information on dividends and the calculation method.

Quarterly Commentary

Canadian economy After a strong 4th quarter of GDP growth, consensus estimates forecast slower growth of 4.9% for Q1 2022. Despite strong inflationary trends, the consumer is expected to have contributed positively based on estimates of 3.6% growth for the quarter, less than business investment forecasts which are targeted to have grown 4.7% over the quarter. Strong commodity markets and higher oil prices positively impacted exports which are anticipated to have increased 5.4%. The Bank of Canada hiked interest rates by one-half percent in Q1 to 1.0% and are expected to increase rates steadily throughout the year, to help slow inflation.

US economy US GDP growth decelerated from 3.6% to 2.8% as business investment slowed from 36.7% in Q4 2021, to 2.3% in Q1 2022. Government spending fell by -2.7% as did exports which declined -5.9% in the quarter. Headline inflation registered a 40-year high of 8.0% driven by rent and rent equivalents, gas prices and food. Like the Bank of Canada, the US Federal Reserve remains concerned about inflation trends and is expected to hike interest rates to 2.65% according to 2022 consensus estimates.

Par account positioning Over the quarter there were no material changes in the par fund across our asset classes. Similar to last quarter, we remain defensively positioned in the corporate bond portfolio in lower risk, higher quality companies and we continue to actively manage our duration and curve positioning based on growth and inflation trends as well as expectations of bond supply in the primary market.

Dividend Scale Interest Rate

30-year historical performance

The dividend scale interest rate reflects the investment performance of the participating account which is smoothed to reduce volatility. The dividend scale interest rate is just one factor used to determine the dividends paid in a participating policy. Other factors include mortality, expense, lapse, claims experience, taxes, and other experience of the participating block of policies. The dividend scale interest rate does not include policy loans. Dividends are paid at the sole discretion of the Board of Directors. This chart shows Equitable Life's dividend scale interest rate over 30 years compared to other well-known economic indicators.

| Year | Equitable Life dividend scale interest rate | S&P/TSX total return index | Government of Canada 5 to 10 Year Bonds | 5-year GIC | Consumer price index |
|----------------------------------|---|----------------------------|---|------------|----------------------|
| 1992 | 10.70% | -1.43% | 8.16% | 7.80% | 2.10% |
| 1993 | 10.70% | 32.55% | 7.24% | 6.40% | 1.70% |
| 1994 | 10.20% | -0.18% | 8.26% | 7.40% | 0.20% |
| 1995 | 10.20% | 14.53% | 7.93% | 7.10% | 1.80% |
| 1996 | 9.60% | 28.35% | 6.86% | 5.60% | 2.20% |
| 1997 | 10.00% | 14.98% | 5.87% | 4.70% | 0.80% |
| 1998 | 9.10% | -1.58% | 5.26% | 4.40% | 1.00% |
| 1999 | 8.80% | 31.71% | 5.56% | 4.80% | 2.60% |
| 2000 | 8.80% | 7.41% | 5.96% | 5.30% | 3.20% |
| 2001 | 8.80% | -12.57% | 5.32% | 4.00% | 0.70% |
| 2002 | 8.80% | -12.44% | 5.08% | 3.90% | 3.80% |
| 2003 | 8.40% | 26.72% | 4.54% | 3.10% | 2.10% |
| 2004 | 8.20% | 14.48% | 4.34% | 2.90% | 2.10% |
| 2005 | 8.20% | 24.13% | 3.89% | 2.70% | 2.10% |
| 2006 | 7.90% | 17.26% | 4.18% | 3.20% | 1.70% |
| 2007 | 7.90% | 9.83% | 4.25% | 3.30% | 2.40% |
| 2008 | 7.90% | -33.00% | 3.36% | 3.01% | 1.20% |
| 2009 | 7.40% | 35.05% | 2.84% | 1.95% | 1.30% |
| 2010 | 7.10% | 17.61% | 2.88% | 2.00% | 2.40% |
| 2011 | 7.10% | -8.71% | 2.47% | 1.87% | 2.30% |
| 2012 | 6.80% | 7.19% | 1.63% | 1.65% | 0.80% |
| 2013 | 6.80% | 12.99% | 1.99% | 1.63% | 1.20% |
| 2014 | 6.80% | 10.55% | 1.86% | 1.92% | 1.50% |
| 2015 | 6.80% | -8.32% | 1.19% | 1.47% | 1.60% |
| 2016 | 6.50% | 21.08% | 1.02% | 1.41% | 1.50% |
| 2017 | 6.50% | 9.10% | 1.61% | 1.39% | 1.90% |
| 2018 | 6.35% | -8.89% | 2.22% | 1.69% | 2.00% |
| 2019 | 6.20% | 22.90% | 1.53% | 2.08% | 2.20% |
| 2020 | 6.20% | 5.60% | 0.65% | 1.28% | 0.70% |
| 2021 | 6.05% | 25.09% | 1.27% | 0.99% | 4.80% |
| Average annualized returns | | | | | |
| 1 Year | 6.05% | 25.09% | 1.27% | 0.99% | 4.80% |
| 10 Years | 6.50% | 9.14% | 1.50% | 1.55% | 1.81% |
| 20 Years | 7.19% | 8.08% | 2.63% | 2.17% | 1.98% |
| 30 Years | 8.02% | 8.84% | 3.95% | 3.35% | 1.86% |
| Standard deviation over 30 years | 1.44% | 16.01% | 2.31% | 1.98% | 0.95% |

Data as of December 31 each year. Dividend scale interest rate is set as of July 1 of each year. Average returns are calculated using a geometric mean.

Notes:

- Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors. Dividends may be subject to taxation. Dividends will vary based on the actual investment returns and experience in the participating account and the participating block of policies. Improvements in some of the components can help offset declines in other components. For example, improvements in mortality can help offset the impact of declining interest rates on investment performance.
- Past performance is not indicative of future performance.
- Information Sources: Equitable Life of Canada; Statistics Canada; Bank of Canada.