Aviator Portfolios™ – your secure and diversified investment option

The Co-operators® Aviator Portfolios™ – expertly designed and constructed by the highly regarded institutional investment managers of Addenda Capital® and Franklin Templeton® – provide investors with broader diversification opportunities.

Each of three distinct Aviator Portfolios™ brings an opportunity to invest your hard-earned savings alongside some of Canada’s largest institutional clients, including pension funds, foundations, endowments, governments and corporations.

Aviator Portfolios™ provide both regional and risk-exposure diversification – including exposure to unique asset classes, such as commercial mortgages, preferred shares and high-yield bonds, which tend to behave differently than stocks.

What happened in investment markets during Q1 2020?*

Markets plunged and the COVID-19 pandemic halted a decade of economic expansion
First detected in December 2019, COVID-19 dominated global headlines through most of the quarter. Running parallel with humanitarian, health and societal reports, financial news followed the dramatic marketplace swings from the time of the outbreak.

On February 19, all major North American stock markets closed at, or near, all-time-record highs. In the six trading days that followed, global stock markets dropped more than $3 trillion in value. During that same timeframe, the Dow Jones Industrial Average and the S&P 500 were both down by more than 12% from their all-time highs. Canada’s main index, the S&P/TSX Composite, was down more than 6%. The 10-year U.S. Treasury Yield also dropped to its lowest historical level, as investors looked for safety in government bonds.

Extraordinary market volatility continued through March, as trading volume surged to levels unseen since data was first compiled 35 years ago. Intraday stock market drops of greater than 7% (from March 12 to 16) triggered multiple 15-minute trading halts across the major North American exchanges – built-in market reprieves to relieve selling pressure.

Oil prices collapsed and weighed down markets
A price war between major oil producers in Saudi Arabia and Russia, coupled with worldwide government lockdowns and travel bans to contain the spread of COVID-19, decimated global demand for oil through the quarter. March 18 alone saw a 24% plunge in the price of oil – to levels not seen since 2002. The Canadian energy sector, which makes up a significant part of the S&P/TSX Composite Index, struggled mightily under these conditions.

Governments and central banks took emergency action
Canada’s parliament approved over $50 billion in financial support to workers and businesses through direct spending and tax deferrals – including enhanced Canada Child Benefit payments for families, and a reduction of minimum withdrawals from Registered Retirement Income Funds by 25% (for 2020). To
further assist, the due date for filing individual tax returns has been deferred to June 1. In the U.S., lawmakers passed a coronavirus relief bill, including an estimated US$2 trillion in economic stimulus. The legislation includes direct payments to individuals and families, a major expansion of unemployment benefits, money for struggling hospitals and health-care providers, financial assistance for small businesses, and US$500 billion in loans for distressed companies.

The U.S. Federal Reserve (the Fed) made three cuts to its federal funds rate in March, bringing it to a range of 0 to 0.25%. This was to encourage the flow of credit to consumers and small businesses, amid global efforts to contain the spread of COVID-19. The Fed also announced an emergency lending facility to shore up the short-term credit market that was disrupted by the viral outbreak.

Meanwhile, the Bank of Canada followed suit with three cuts of its own that lowered its key policy rate from 1.75% to 0.25%. The bank also announced a new commercial paper-purchase program, along with a minimum of $5 billion a week in government securities, to further support the economy.

*Sources: www.bloomberg.com*

<table>
<thead>
<tr>
<th>Stock and bond markets**</th>
<th>Q1</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite</td>
<td>13,378.75</td>
<td>-21.59%</td>
</tr>
<tr>
<td>Dow Jones Industrial Average</td>
<td>21,917.16</td>
<td>-23.20%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>2,584.59</td>
<td>-20.00%</td>
</tr>
<tr>
<td>NASDAQ Composite</td>
<td>7,700.10</td>
<td>-14.18%</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>1,559.59</td>
<td>-23.43%</td>
</tr>
<tr>
<td>10-yr GoC Yield</td>
<td>0.71%</td>
<td>-0.99%</td>
</tr>
<tr>
<td>10-yr U.S. Treasury Yield</td>
<td>0.70%</td>
<td>-1.22%</td>
</tr>
<tr>
<td>WTI Crude Oil (US$/bbl)</td>
<td>20.48</td>
<td>-66.54%</td>
</tr>
<tr>
<td>Canadian Dollar USD0.7049</td>
<td>-8.44%</td>
<td>-5.93%</td>
</tr>
<tr>
<td>Bank of Canada Prime Rate</td>
<td>2.45%</td>
<td></td>
</tr>
</tbody>
</table>


How did my Aviator Portfolios™ fund perform during Q1 2020?

The first quarter of 2020 was the worst we’ve seen in investment markets since the 2008 financial crisis. The funds within Aviator Portfolios™ were not immune to the overall trends and posted negative returns for Q1 2020.

Below is a breakdown of our portfolio funds, their construction, and their performance in the last quarter.
Co-operators Aviator™ Income Plus Portfolio: Low-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>Since Inception (Oct. 2, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-6.18%</td>
<td>-4.04%</td>
<td>-0.39%</td>
</tr>
<tr>
<td>75-100</td>
<td>-6.21%</td>
<td>-4.20%</td>
<td>-0.55%</td>
</tr>
</tbody>
</table>

### Investment Segmentation
- Canadian Fixed Income 61.95%
- Canadian Equity 19.02%
- Foreign Fixed Income 9.48%
- Cash & Other Net Assets 4.76%
- U.S. Equity 2.84%
- International Equity 1.95%

### Top 10 Holdings

<table>
<thead>
<tr>
<th>Fund</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operators Corporate Bond Fund</td>
<td>25.13%</td>
</tr>
<tr>
<td>Co-operators Canadian Fixed Income Fund</td>
<td>20.05%</td>
</tr>
<tr>
<td>Co-operators Preferred Share Equity Fund</td>
<td>15.04%</td>
</tr>
<tr>
<td>Co-operators Commercial Mortgage Fund</td>
<td>14.73%</td>
</tr>
<tr>
<td>Co-operators Franklin High Income Fund</td>
<td>5.10%</td>
</tr>
<tr>
<td>Co-operators Templeton Global Bond Fund</td>
<td>5.03%</td>
</tr>
<tr>
<td>Co-operators Bissett Canadian Short Term Bond Fund</td>
<td>5.00%</td>
</tr>
<tr>
<td>Co-operators Bissett Canadian Equity Fund</td>
<td>4.98%</td>
</tr>
<tr>
<td>Co-operators Global Equity Fund</td>
<td>4.94%</td>
</tr>
</tbody>
</table>

The top 10 investments make up 100.00% of the fund.

Total number of investments: 9

The portfolio was designed to achieve interest income, preservation and moderate growth of capital, with low levels of volatility. It aims to do this by investing primarily in government and corporate bonds and debentures, and, to a lesser extent, in common and preferred equity shares of small-, medium-, and large-sized Canadian and foreign companies.

Decreasing interest rates during Q1 helped to offset some of the overall decline, given the significant allocation towards fixed income. The portfolio’s approximate 25% weighting towards equities contributed materially to the negative returns, with preferred shares having a substantial impact. While the portfolio has declined through the recent market volatility, it has held together well, overall, compared to more aggressive portfolios.
Co-operators Aviator™ Diversified Portfolio: Low- to moderate-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>Since Inception (Oct. 2, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-13.00%</td>
<td>-9.90%</td>
<td>-2.94%</td>
</tr>
<tr>
<td>75-100</td>
<td>-13.03%</td>
<td>-10.04%</td>
<td>-3.10%</td>
</tr>
</tbody>
</table>

**Investment Segmentation**
- Canadian Equity 33.15%
- Canadian Fixed Income 26.43%
- U.S. Equity 15.48%
- Foreign Fixed Income 10.55%
- International Equity 8.36%
- Cash & Other Net Assets 6.03%

**Top 10 Holdings**
- Co-operators Preferred Share Equity Fund 20.11%
- Co-operators Corporate Bond Fund 17.64%
- Co-operators Global Equity Fund 9.90%
- Co-operators Commercial Mortgage Fund 9.85%
- Co-operators Franklin High Income Fund 7.67%
- Co-operators Bissett Canadian Equity Fund 7.49%
- Co-operators Concentrated Canadian Equity Fund 7.48%
- Co-operators Small-Cap U.S. Equity Index Fund 7.39%
- Co-operators Templeton Global Bond Fund 5.04%
- Co-operators Fidelity Global Real Estate Fund 5.02%

The top 10 investments make up 97.59% of the fund.
Total number of investments: 11

The portfolio was designed to achieve both interest income and capital growth, with relatively modest levels of volatility. It aims to do this by investing in a mix of commercial mortgages, government and corporate bonds and debentures, as well as common and preferred equity shares of small-, medium-, and large-sized Canadian and foreign companies. The portfolio also holds global real estate equity.

Being a balanced portfolio, equities account for a substantial proportion of the assets, many of which have contributed to the portfolio’s overall negative return through the first quarter. Preferred shares, in particular, had a substantial negative impact. The fixed income segment provides some level of protection during periods of uncertainty, with interest income from the bonds contributing to the total return. Overall, with the portfolio being a blend of income and growth-oriented assets, it declined more than the Aviator Income Plus Portfolio during the quarter, but fared better than the more aggressive Aviator Growth Portfolio.
Co-operators Aviator™ Growth Portfolio: Moderate-risk portfolio

Guarantee Level | Q1       | 1 Year   | Since Inception (Oct. 2, 2017) |
----------------|----------|----------|-------------------------------|
75-75           | -16.11%  | -12.78%  | -4.32%                        |
75-100          | -16.11%  | -12.89%  | -4.47%                        |

The top 10 investments make up 100.00% of the fund.

Total number of investments: 10

The portfolio was designed to achieve long-term capital growth, with some interest income. It aims to do this by investing primarily in common and preferred equity shares of small-, medium-, and large-sized Canadian and foreign companies, and, to a lesser extent, in government and corporate bonds and debentures. The portfolio also holds global real estate equity.

Given this portfolio’s heavy allocation towards equities, it captures significant market downside, which can be unfavorable during periods of market decline. Preferred shares, in particular, had a substantial negative impact. The modest allocation towards fixed income is designed to provide a small amount of stability during bouts of volatility. Overall, while the portfolio experienced the largest decline for Aviator Portfolios in Q1, it maintains the greatest potential, as economic recoveries unfold and growth returns.

---

**Investment Segmentation**
- Canadian Equity 37.93%
- U.S. Equity 23.36%
- International Equity 13.47%
- Foreign Fixed Income 12.15%
- Cash & Other Net Assets 6.58%
- Canadian Fixed Income 6.51%

**Top 10 Holdings**

- Co-operators Preferred Share Equity Fund 20.14%
- Co-operators Global Equity Fund 14.87%
- Co-operators Franklin High Income Fund 10.24%
- Co-operators Fidelity Global Real Estate Fund 10.06%
- Co-operators Bissett Canadian Equity Fund 10.00%
- Co-operators Concentrated Canadian Equity Fund 9.99%
- Co-operators Small-Cap U.S. Equity Index Fund 9.87%
- Co-operators Commercial Mortgage Fund 6.41%
- Co-operators Templeton Global Bond Fund 5.04%
- Co-operators Templeton Emerging Markets Fund 3.38%
Key take-aways

In times like these, it’s easy to lose sight of your investment goals, and why you invested in the first place. Remember that you selected your investments for a reason: because they match your risk tolerance and the time you have left to save for your retirement. Has that changed? If not, how you invest shouldn’t change either.

Our fund managers have been through market uncertainty before. They understand markets, are equipped with sound strategies, and take an approach that is designed to outlast market volatility. In short, your investment is built and managed to withstand volatility over the long term.

Now is the time to continue partnering with us to keep your investment plan moving forward. By letting our experienced portfolio managers guide your investments through the uncertainty, you can remain focused on the health and safety of you and your loved ones.

Sales charges, expenses and other fees

It’s important to note that fees and expenses reduce the return on your investment. For details, please refer to your Policy and Information Folder.

Current rates of return are available on the Segregated Fund Performance page on cooperators.ca.

If you have questions about your investments, please contact your Financial Advisor.

ABOUT THIS UPDATE: The commentary in this report is based on current market conditions and market media sources available to the public and may change without prior warning at any time. The forecasts provided herein are not guarantees of future performance and include risks, uncertainty and assumptions. While Co-operators Life Insurance Company (“The Co-operators” or “we”) believe these assumptions are reasonable, there is no guarantee they will be confirmed. This report is not a guarantee of future investment performance, nor should undue reliance be placed on this report. This report is provided as a general source of information for a specific point in time and should not be considered solicitation to buy or sell any investment. Nothing contained in this report constitutes investment, legal, tax or other advice. The content in this report should not be relied upon in making an investment or other decision, and individuals should obtain relevant and specific professional advice and read the terms and conditions contained in the relevant offering documents carefully before any investment decision is made. The Co-operators is not responsible for any loss or damage as a result of reliance on the information contained in this report. The Co-operators makes no representations or warranties as to the information contained herein and does not guarantee its accuracy, timeliness, completeness or usefulness. The Co-operators is committed to protecting the privacy, confidentiality, accuracy and security of the personal information it collects, uses, retains and discloses in the course of conducting business. To obtain a copy of our privacy policy, visit cooperators.ca. The Co-operators® used by Co-operators Life Insurance Company with permission from The Co-operators Group Limited. Aviator Portfolios™ is a trademark of The Co-operators Group Limited and is used with permission. Addenda Capital® is a trademark of Addenda Capital Inc. and used with permission. Franklin, Templeton, Franklin Bissett and Franklin Templeton® are registered trademarks of Franklin Templeton Investments Corp. and used with permission. Aviator Portfolios™ is an investment product offered by Co-operators Life Insurance Company which may include features or options such as segregated funds, portfolios of segregated funds or guaranteed rates. Guaranteed benefits are payable upon death or upon maturity of funds. No guarantee is provided upon surrender or partial withdrawal of segregated fund units.

If you have questions or want to discuss your investments, please contact your Financial Advisor. In the province of Quebec, a Financial Advisor is a representative (or Financial Security Advisor).

Additional notes: Returns, investment segmentation and top holdings as of March 31, 2020. Rates of return for periods less than 1 year are simple rates of return. All others are annualized rates of return. Securities regulations do not allow us to report performance for a fund that has been available for less than one year. The returns reflect changes in unit value and assume that all income/realized net gains are retained by the segregated fund in the periods indicated and are reflected in higher unit values of the fund. The returns do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance. Past performance of any fund is not necessarily indicative of its future performance. ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE CONTRACTHOLDERS AND MAY INCREASE OR DECREASE IN VALUE.