Versatile Portfolios Navigator™ – your flexible and secure investment option

Whether you’re saving for retirement, the unexpected or that big item on your bucket list, your path to financial success is unique. And Versatile Portfolios Navigator™ can provide you with the flexibility you need. In addition to a select group of diverse investment options from top, trusted investment managers, we offer a suite of portfolio funds – all actively managed and consisting of underlying funds – that take the guesswork out of investing.

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](http://www.bloomberg.com)

### Stock and bond markets*

<table>
<thead>
<tr>
<th>Stock Index</th>
<th>Q1</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite</td>
<td>-21.59%</td>
<td>-16.91%</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>-23.20%</td>
<td>-15.47%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>-20.00%</td>
<td>-8.81%</td>
</tr>
<tr>
<td>NASDAQ Composite</td>
<td>-14.18%</td>
<td>-0.38%</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>-23.43%</td>
<td>-16.84%</td>
</tr>
<tr>
<td>10-yr GoC Yield</td>
<td>-0.99%</td>
<td>-0.91%</td>
</tr>
<tr>
<td>10-yr U.S. Treasury</td>
<td>-1.22%</td>
<td>-1.71%</td>
</tr>
<tr>
<td>WTI Crude Oil (US$/bbl)</td>
<td>-66.54%</td>
<td>-65.95%</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>-8.44%</td>
<td>-5.93%</td>
</tr>
<tr>
<td>Bank of Canada Prime</td>
<td>2.45%</td>
<td></td>
</tr>
</tbody>
</table>


How did my Versatile Portfolios Navigator™ 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 Versatile Portfolios Navigator™ were not immune to the overall trends and posted negative returns for Q1 2020.

Please note: Effective Jan. 29, 2020, to increase diversification, material changes were made to the underlying funds that are held within in the following Versatile Portfolios Navigator™ portfolios:

- **Very Conservative Portfolio** – the target 5% allocation to the Co-operators BlackRock U.S. Equity Index Fund was reduced to 2.5%, and the remaining 2.5% allocation was taken in a new underlying fund, the Co-operators U.S. Equity Fund.
- **Conservative Portfolio** – the target 10% allocation to the Co-operators BlackRock U.S. Equity Index Fund was reduced to 5%, and the remaining 5% allocation was taken in a new underlying fund, the Co-operators U.S. Equity Fund.
- **Moderate Portfolio** – the target 10% allocation to the Co-operators BlackRock U.S. Equity Index Fund was reduced to 5%, and the remaining 5% allocation was taken in a new underlying fund, the Co-operators U.S. Equity Fund.
- **Aggressive Portfolio** – the target 10% allocation to the Co-operators BlackRock U.S. Equity Index Fund was reduced to 5%, and the remaining 5% allocation was taken in a new underlying fund, the Co-operators U.S. Equity Fund.
> **Very Aggressive Portfolio** – the target 15% allocation to the Co-operators BlackRock U.S. Equity Index Fund was reduced to 7.5%, and the remaining 7.5% allocation was taken in a new underlying fund, the Co-operators U.S. Equity Fund.

Below is a breakdown of our portfolio funds, their construction, and their performance in the last quarter.

**Co-operators Very Conservative Portfolio: Low-risk portfolio**

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>Since Inception (Dec. 22, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-2.51%</td>
<td>0.14%</td>
<td>1.48%</td>
<td>1.05%</td>
<td>1.82%</td>
</tr>
<tr>
<td>75-100</td>
<td>-2.55%</td>
<td>0.02%</td>
<td>1.37%</td>
<td>0.94%</td>
<td>1.71%</td>
</tr>
<tr>
<td>100-100</td>
<td>-2.64%</td>
<td>-0.36%</td>
<td>0.98%</td>
<td>0.56%</td>
<td>1.32%</td>
</tr>
</tbody>
</table>

**Investment Segmentation**
- Canadian Fixed Income 78.09%
- Canadian Equity 9.55%
- U.S. Equity 5.08%
- International Equity 4.61%
- Foreign Fixed Income 1.43%
- Cash & Other Net Assets 1.24%

**Top 10 Holdings**

| Co-operators Canadian Fixed Income Fund | 30.03% |
| Co-operators BlackRock Canada Universe Bond Index Fund | 29.97% |
| Co-operators Fidelity Canadian Bond Fund | 19.99% |
| Co-operators Mawer Canadian Equity Fund | 5.09% |
| Co-operators Mawer International Equity Fund | 5.02% |
| Co-operators Canadian Equity Fund | 4.98% |
| Co-operators U.S. Equity Fund | 2.46% |
| Co-operators BlackRock U.S. Equity Index Fund | 2.46% |

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

Total number of investments: 8

The portfolio was designed to achieve interest income, preservation and moderate growth of capital, with low levels of volatility.

Holding the largest allocation towards the Canadian fixed income securities of the Navigator portfolios, the portfolio provided excellent downside protection through the Q1 market decline. Decreasing interest rates have had a significant impact on the portfolio’s fixed income components, offsetting some of the negative return. While the small allocation to Canadian, U.S. and international equities negatively impacted returns in
the first quarter, the portfolio still provides diversification benefits and allows for some future upside potential. Overall, the portfolio held together well, protecting principal within the recent market conditions.

Co-operators Conservative Portfolio: Low- to moderate-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>Since Inception (Dec. 22, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-5.39%</td>
<td>-1.84%</td>
<td>1.24%</td>
<td>1.39%</td>
<td>2.28%</td>
</tr>
<tr>
<td>75-100</td>
<td>-5.42%</td>
<td>-1.98%</td>
<td>1.07%</td>
<td>1.23%</td>
<td>2.11%</td>
</tr>
<tr>
<td>100-100</td>
<td>-5.55%</td>
<td>-2.56%</td>
<td>0.48%</td>
<td>0.64%</td>
<td>1.51%</td>
</tr>
</tbody>
</table>

**Investment Segmentation**
- Canadian Fixed Income 58.86%
- Canadian Equity 19.10%
- U.S. Equity 10.15%
- International Equity 9.21%
- Cash & Other Net Assets 1.88%
- Foreign Fixed Income 0.80%

**Top 10 Holdings**
- Co-operators Canadian Fixed Income Fund 25.02%
- Co-operators BlackRock Canada Universe Bond Index Fund 24.97%
- Co-operators Mawer Canadian Equity Fund 10.17%
- Co-operators Mawer International Equity Fund 10.04%
- Co-operators Fidelity Canadian Bond Fund 9.99%
- Co-operators Canadian Equity Fund 9.97%
- Co-operators U.S. Equity Fund 4.92%
- Co-operators BlackRock U.S. Equity Index Fund 4.92%

The top 10 investments make up 100.00% of the fund.
Total number of investments: 8

The portfolio was designed to achieve both interest income and capital growth, with relatively low levels of volatility.

Utilizing the same fixed income and equity funds as the Very Conservative Portfolio, with an allocation a little closer to a balanced fund, the portfolio captured some of the market decline in Q1. To some extent, the significant fixed income allocation defended the portfolio against the recent market volatility, but the material allocation towards equites still had a negative impact on the portfolio’s overall performance.
Co-operators Moderate Portfolio: Low- to moderate-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>Since Inception (Dec. 22, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-8.17%</td>
<td>-3.83%</td>
<td>0.87%</td>
<td>1.49%</td>
<td>2.47%</td>
</tr>
<tr>
<td>75-100</td>
<td>-8.20%</td>
<td>-3.99%</td>
<td>0.71%</td>
<td>1.33%</td>
<td>2.30%</td>
</tr>
<tr>
<td>100-100</td>
<td>-8.34%</td>
<td>-4.56%</td>
<td>0.11%</td>
<td>0.73%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Investment Segmentation
- Canadian Fixed Income 39.67%
- Canadian Equity 32.71%
- International Equity 13.98%
- U.S. Equity 11.13%
- Cash & Other Net Assets 2.34%
- Foreign Fixed Income 0.17%

Top 10 Holdings

| Co-operators Canadian Fixed Income Fund | 20.02% |
| Co-operators BlackRock Canada Universe Bond Index Fund | 19.98% |
| Co-operators Mawer International Equity Fund | 15.06% |
| Co-operators Canadian Equity Fund | 14.96% |
| Co-operators Mawer Canadian Equity Fund | 10.17% |
| Co-operators Fidelity True North® Fund | 9.97% |
| Co-operators U.S. Equity Fund | 4.92% |
| Co-operators BlackRock U.S. Equity Index Fund | 4.92% |

The top 10 investments make up 100.00% of the fund.
Total number of investments: 8

The portfolio was designed to achieve both interest income and capital growth, with relatively modest levels of volatility.

As a balanced portfolio, including Canadian, U.S. and international equities, the portfolio captured a moderate amount of downside through the first-quarter volatility. The Canadian fixed income in this portfolio helped to stabilize returns and offset some of the weak equity performance during Q1. The portfolio’s equity exposure should provide upside potential, amid recovery and growth.
Co-operators Aggressive Portfolio: Moderate-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>Since Inception (Dec. 22, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-11.57%</td>
<td>-6.33%</td>
<td>0.30%</td>
<td>1.68%</td>
<td>2.80%</td>
</tr>
<tr>
<td>75-100</td>
<td>-11.60%</td>
<td>-6.49%</td>
<td>0.13%</td>
<td>1.51%</td>
<td>2.64%</td>
</tr>
<tr>
<td>100-100</td>
<td>-11.74%</td>
<td>-7.05%</td>
<td>-0.46%</td>
<td>0.92%</td>
<td>2.03%</td>
</tr>
</tbody>
</table>

Investment Segmentation
- Canadian Equity 42.35%
- Canadian Fixed Income 19.88%
- International Equity 18.53%
- U.S. Equity 16.20%
- Cash & Other Net Assets 2.95%
- Foreign Fixed Income 0.09%

Top 10 Holdings
- Co-operators Canadian Equity Fund 19.98%
- Co-operators Mawer Canadian Equity Fund 15.30%
- Co-operators Mawer International Equity Fund 15.10%
- Co-operators Canadian Fixed Income Fund 10.03%
- Co-operators BlackRock Canada Universe Bond Index Fund 10.01%
- Co-operators Fidelity True North® Fund 9.99%
- Co-operators Fidelity Global Fund 9.73%
- Co-operators U.S. Equity Fund 4.93%
- Co-operators BlackRock U.S. Equity Index Fund 4.93%

The top 10 investments make up 100.00% of the fund.
Total number of investments: 9

The portfolio was designed to achieve long-term capital growth, with some interest income.

With little exposure to Canadian fixed income and a healthy weight towards equities – primarily Canadian, U.S. and international – this portfolio was significantly impacted by declining equity markets during Q1, with limited fixed income providing shelter from the volatility.
Co-operators Very Aggressive Portfolio: Moderate-risk portfolio

<table>
<thead>
<tr>
<th>Guarantee Level</th>
<th>Q1</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>Since Inception (Dec. 22, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-75</td>
<td>-15.10%</td>
<td>-9.11%</td>
<td>-0.39%</td>
<td>1.62%</td>
<td>2.78%</td>
</tr>
<tr>
<td>75-100</td>
<td>-15.15%</td>
<td>-9.30%</td>
<td>-0.60%</td>
<td>1.40%</td>
<td>2.56%</td>
</tr>
<tr>
<td>100-100</td>
<td>-15.31%</td>
<td>-9.99%</td>
<td>-1.34%</td>
<td>0.65%</td>
<td>1.80%</td>
</tr>
</tbody>
</table>

Investment Segmentation
- Canadian Equity 56.80%
- U.S. Equity 21.49%
- International Equity 18.63%
- Cash & Other Net Assets 3.07%
- Canadian Fixed Income 0.01%

Top 10 Holdings
- Co-operators Canadian Equity Fund 20.02%
- Co-operators Mawer Canadian Equity Fund 15.32%
- Co-operators Mawer International Equity Index Fund 15.12%
- Co-operators Fidelity True North® Fund 15.02%
- Co-operators BlackRock Canadian Equity Index Fund 9.95%
- Co-operators Fidelity Global Fund 9.75%
- Co-operators U.S. Equity Fund 7.41%
- Co-operators BlackRock U.S. Equity Index Fund 7.41%

The top 10 investments make up 100.00% of the fund.
Total number of investments: 8

The portfolio was designed to achieve maximum capital growth over the long term.

Having most of its assets allocated to traditional Canadian, U.S. and international equities, this portfolio has experienced the largest decline of the Navigator portfolios in Q1, as equities have unfavourably affected performance during the market volatility. With the fixed income allocation being a relatively insignificant weighting, it had little impact as a volatility cushion for overall performance.
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’s 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. Versatile Portfolios Navigator™ is a trademark of The Co-operators Group Limited and used with permission. Versatile Portfolios Navigator™ 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. 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.