

Versatile Portfolios Navigator™

Quarterly Fund Update

What happened in financial markets during Q3 2020*

Stock markets hit record highs, before a September pullback

- For a second straight quarter, financial markets continued to climb back from the lows in March. By late August, North American stock indexes were at record levels. September, however, brought a sell-off in technology stocks that saw U.S. tech giants Apple, Amazon, Facebook, Google, Microsoft and Netflix lose over US\$1 trillion in combined market capitalization – through the month’s first three trading sessions alone.
- Volatility was fuelled by investor uncertainty on several factors related to the U.S. economy, including: progress towards a COVID-19 vaccine; trade conflicts with China; and signs that recovery may be stalling, with an anticipated financial-aid package being held up in Congress. With the added political uncertainty leading into the U.S. presidential election, investors had plenty of reasons to pause and consider the sustainability of the five-month stock-market rally, as well as the valuations of the companies behind its surge.
- Despite the September sell-off, where stock markets gave back some of the gains made over the previous five months, it was a positive quarter overall.

Central banks held interest rates near zero, but investors wanted more stimulus for the U.S. economy

- In September, the Bank of Canada announced that it was holding its benchmark rate at 0.25% and confirmed its commitment to keeping it there until the economy stabilizes. The bank said that it will also continue to buy government bonds at its current pace and maintain extraordinary monetary-policy stimulus to help pull Canada out of the downturn – the deepest downturn since the Great Depression.
- Similarly, the U.S. Federal Reserve announced that its benchmark short-term rate will remain unchanged at 0.25%, adding that it will likely stay there for at least three years. What seemed to surprise investors – adding fuel to September’s pullback in the markets – was the lack of fresh stimulus plans. Instead, the central bank merely reaffirmed its commitment to using its full range of tools to support economic recovery.

Investors called for further government spending to boost economic recovery

- With the U.S. presidential election approaching, partisan politics prohibited lawmakers from reaching a consensus on additional financial aid for struggling U.S. economic recovery. In testimony before Congress, U.S. Federal Reserve Chair Jerome Powell lent his voice to those urging further support from the government: “The path forward will depend on keeping the virus under control, and on policy actions taken at all levels of government.” Noting that a recovery is underway, he added this: “both employment and overall economic activity, however, remain well below their pre-pandemic levels, and the path ahead continues to be highly uncertain.”
- In Canada, the federal government pledged to do “whatever it takes” to support the economy. This was following a much-anticipated throne speech that opened a new session of Parliament in September. In his nationally televised address that followed, Prime Minister Justin Trudeau listed longer-term policy plans, including a national childcare program, pharmacare, improving senior care, and increased spending on housing and the environment. While the plan was light on details, the government signalled its intention to expand on its already-sizable debt.

*Sources: www.bloomberg.com

Stock and bond markets**		
Close	Q3	YTD
S&P/TSX Composite 16,121.38	3.91%	-5.52%
Dow Jones Industrial Average 27,781.70	7.63%	-2.65%
S&P 500 Index 3,363.00	8.47%	4.09%
NASDAQ Composite 11,167.51	11.02%	24.46%
10-yr GoC Yield 0.57%	0.05%	-1.13%
10-yr U.S. Treasury Yield 0.69%	0.03%	-1.23%
WTI Crude Oil (US\$/bbl) 40.22	2.42%	-34.13%
Canadian Dollar US\$0.7497	2.17%	-2.62%
Bank of Canada Prime Rate 2.45%		

**Performance ending September 30, 2020. Sources: www.bloomberg.com, www.bankofcanada.ca and www.treasury.gov.

How did Versatile Portfolios Navigator™ perform during Q3 2020?

Q3 2020 saw all five portfolios extend positive gains for a second consecutive quarter, building on the momentum that had picked up between April and June (Q2). Generally, equities outperformed bonds in Q3, and as a result, all allocations to fixed income detracted from performance across the portfolios. Below is a breakdown of our portfolio funds, their construction, and their performance in the third quarter.

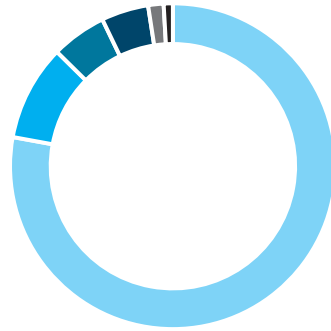
Note: Rates of return for each portfolio fund are provided on an after-fees (net) basis. Given that fees are only applied at the portfolio level, all references to underlying fund performance are before fees are considered (gross).

Co-operators Very Conservative Portfolio: Low-risk portfolio

Designed to achieve interest income, preservation and moderate growth of capital, with low levels of volatility.

The portfolio's modest allocation to equities (approximately 20%) was largely responsible for its positive return, with all equity funds adding value relative to their respective benchmarks (before fees). The strong equity contributions offset weaker returns that were generated from the fixed-income segment.

Guarantee Level	Q3	YTD	1 Year	3 Year	5 Year	Since Inception (Dec. 22, 2014)
75-75	1.44%	5.80%	5.52%	4.63%	3.35%	3.11%
75-100	1.41%	5.70%	5.39%	4.51%	3.24%	3.00%
100-100	1.31%	5.40%	4.99%	4.11%	2.85%	2.61%



Investment Segmentation

- Canadian Fixed Income 77.87%
- Canadian Equity 9.52%
- U.S. Equity 5.48%
- International Equity 4.69%
- Foreign Fixed Income 1.53%
- Cash & Other Net Assets 0.91%

Top 10 Holdings

Co-operators Canadian Fixed Income Fund	29.86%
Co-operators BlackRock Canada Universe Bond Index Fund	29.85%
Co-operators Fidelity Canadian Bond Fund	19.92%
Co-operators Mawer International Equity Fund	5.08%
Co-operators Mawer Canadian Equity Fund	5.08%
Co-operators Canadian Equity Fund	5.06%
Co-operators U.S. Equity Fund	2.58%
Co-operators BlackRock U.S. Equity Index Fund	2.57%

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

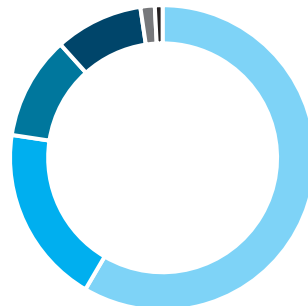
Total number of investments: 8

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

Designed to achieve both interest income and capital growth, with relatively low levels of volatility.

The portfolio's weighting towards equities (approximately 40%) drove the positive return in Q3, with all equity funds adding value relative to their respective benchmarks (before fees). Strong returns from the Co-operators Mawer International Equity Fund helped to offset weaker performance from the portfolio's fixed-income segment.

Guarantee Level	Q3	YTD	1 Year	3 Year	5 Year	Since Inception (Dec. 22, 2014)
75-75	2.47%	4.69%	5.48%	4.77%	4.18%	3.89%
75-100	2.43%	4.58%	5.32%	4.61%	4.01%	3.72%
100-100	2.27%	4.12%	4.71%	3.99%	3.40%	3.11%



Investment Segmentation

- Canadian Fixed Income 58.45%
- Canadian Equity 18.95%
- U.S. Equity 10.93%
- International Equity 9.33%
- Cash & Other Net Assets 1.52%
- Foreign Fixed Income 0.82%

Top 10 Holdings

Co-operators Canadian Fixed Income Fund	24.77%
Co-operators BlackRock Canada Universe Bond Index Fund	24.76%
Co-operators Mawer International Equity Fund	10.11%
Co-operators Mawer Canadian Equity Fund	10.11%
Co-operators Canadian Equity Fund	10.07%
Co-operators Fidelity Canadian Bond Fund	9.91%
Co-operators U.S. Equity Fund	5.14%
Co-operators BlackRock U.S. Equity Index Fund	5.13%

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

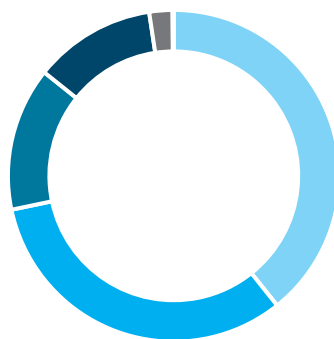
Total number of investments: 8

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

Designed to achieve both interest income and capital growth, with relatively modest levels of volatility.

The portfolio's weighting towards equities (approximately 60%) was largely responsible for the positive return in Q3, with all equity funds adding value relative to their respective benchmarks (before fees). Strong return from the Co-operators Mawer International Equity Fund contributed significantly to the portfolio.

Guarantee Level	Q3	YTD	1 Year	3 Year	5 Year	Since Inception (Dec. 22, 2014)
75-75	3.29%	3.51%	5.08%	4.74%	4.78%	4.39%
75-100	3.25%	3.39%	4.91%	4.57%	4.61%	4.22%
100-100	3.09%	2.93%	4.29%	3.96%	3.99%	3.61%



Investment Segmentation

- Canadian Fixed Income 39.29%
- Canadian Equity 32.43%
- International Equity 14.01%
- U.S. Equity 11.89%
- Cash & Other Net Assets 2.26%
- Foreign Fixed Income 0.12%

Top 10 Holdings

Co-operators Canadian Fixed Income Fund	19.75%
Co-operators BlackRock Canada Universe Bond Index Fund	19.75%
Co-operators Mawer International Equity Fund	15.11%
Co-operators Canadian Equity Fund	15.05%
Co-operators Mawer Canadian Equity Fund	10.07%
Co-operators Fidelity True North® Fund	10.04%
Co-operators U.S. Equity Fund	5.12%

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

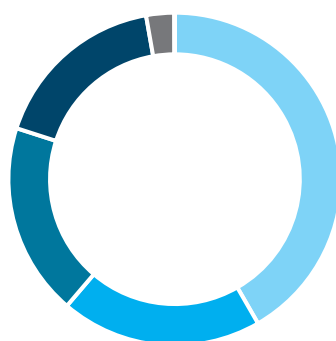
Total number of investments: 8

Co-operators Aggressive Portfolio: Moderate-risk portfolio

Designed to achieve long-term capital growth, with some interest income.

A healthy allocation towards the Co-operators Canadian Equity Fund was largely responsible for the portfolio's overall performance – over and above its exposure to the Co-operators Mawer International Equity Fund, which was the primary driver of returns in Q3.

Guarantee Level	Q3	YTD	1 Year	3 Year	5 Year	Since Inception (Dec. 22, 2014)
75-75	4.10%	1.94%	4.68%	4.64%	5.52%	5.11%
75-100	4.06%	1.82%	4.51%	4.47%	5.35%	4.94%
100-100	3.91%	1.36%	3.89%	3.85%	4.73%	4.32%



Investment Segmentation

- Canadian Equity 41.68%
- Canadian Fixed Income 19.56%
- International Equity 18.72%
- U.S. Equity 17.26%
- Cash & Other Net Assets 2.72%
- Foreign Fixed Income 0.06%

Top 10 Holdings

Co-operators Canadian Equity Fund	19.98%
Co-operators Mawer International Equity Fund	15.04%
Co-operators Mawer Canadian Equity Fund	15.04%
Co-operators Fidelity Global Fund	10.10%
Co-operators Fidelity True North® Fund	9.99%
Co-operators Canadian Fixed Income Fund	9.83%
Co-operators BlackRock Canada Universe Bond Index Fund	9.83%
Co-operators U.S. Equity Fund	5.10%
Co-operators BlackRock U.S. Equity Index Fund	5.09%

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

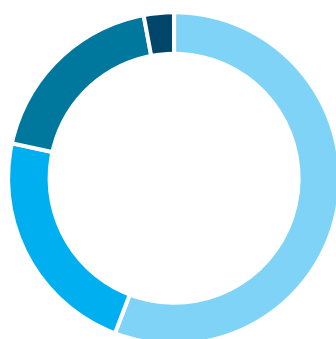
Total number of investments: 9

Co-operators Very Aggressive Portfolio: Moderate-risk portfolio

Designed to achieve maximum capital growth over the long term.

The portfolio's significant exposure to equities, particularly the Co-operators Mawer International Equity Fund and the Co-operators BlackRock U.S. Equity Index Fund, drove the strong, positive return in Q3.

Guarantee Level	Q3	YTD	1 Year	3 Year	5 Year	Since Inception (Dec. 22, 2014)
75-75	5.05%	0.41%	4.01%	4.67%	6.21%	5.56%
75-100	4.99%	0.25%	3.79%	4.44%	5.99%	5.34%
100-100	4.79%	-0.31%	3.01%	3.66%	5.19%	4.55%



Investment Segmentation

- Canadian Equity 55.80%
- U.S. Equity 22.58%
- International Equity 18.68%
- Cash & Other Net Assets 2.93%
- Canadian Fixed Income 0.01%

Top 10 Holdings

Co-operators Canadian Equity Fund	19.89%
Co-operators Mawer International Equity Fund	14.98%
Co-operators Mawer Canadian Equity Fund	14.97%
Co-operators Fidelity True North® Fund	14.93%
Co-operators Fidelity Global Fund	10.06%
Co-operators BlackRock Canadian Equity Index Fund	9.96%
Co-operators U.S. Equity Fund	7.61%
Co-operators BlackRock U.S. Equity Index Fund	7.60%

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

Total number of investments: 8

Key take-aways

In the third quarter of 2020, prior to the September sell-off, financial markets not only continued to rebound from the March lows, but returned to a record-setting pace – a pace that was last seen in the months leading up to the COVID-19 outbreak.

Both the speed of the recovery and the return of volatility (in September) were unexpected, given the pandemic's impact on businesses, markets and the world's economies. And it's important to remember that, despite a positive Q3 overall, we're still entrenched in an unprecedented time for global economies and financial markets.

For more resources and financial-market news, visit [Market View](#).

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. Your personal rate of return will vary, depending on the contributions and withdrawals you make over time. For details, please refer to your Policy Statement.

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

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.

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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 September 30, 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.