

# **The Wawanesa Life Insurance Company Segregated Funds**

Financial Statements  
**June 30, 2019**

## The Wawanesa Life Insurance Company Segregated Funds

### Canadian Equity Index Fund

All amounts in thousands except per unit amounts and units outstanding

Statements of Financial Position				Statements of Changes in Net Assets Attributable to Contractholders				
As at	June 30, December 31,		For the six months ended June 30		2019		2018	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Assets</b>								
Investments in institutional pooled fund units	\$ 147,962	\$ 131,665						
<b>Liabilities</b>								
Due to (from) related party	(4)	51						
<b>Net assets attributable to contractholders</b>	<b>\$ 147,966</b>	<b>\$ 131,614</b>						
<b>Net assets attributable to contractholders per unit</b>	<b>\$ 27.33</b>	<b>\$ 23.72</b>						
<b>Statements of Comprehensive Income</b>				<b>Unit transactions</b>				
For the six months ended June 30				Proceeds from sale of redeemable units				
				Class A	431	642		
<b>Investment Income</b>				Class B	1,185	1,286		
Dividends				Class C	5,966	6,989		
Canadian	\$ -	\$ -			7,582	8,917		
Foreign	-	-		Payments on redemption of redeemable units				
Interest for allocation purposes	-	-		Class A	880	1,205		
				Class B	4,043	2,494		
<b>Expenses</b>				Class C	6,349	6,788		
Management fees (note 6)	1,127	1,164			11,272	10,487		
Withholding taxes	-	-		<b>Net redeemable unit transactions</b>	(3,690)	(1,570)		
	1,127	1,164		<b>Net assets attributable to contractholders - End of period</b>	<b>\$ 147,966</b>	<b>\$ 147,301</b>		
<b>Net investment loss</b>	<b>(1,127)</b>	<b>(1,164)</b>		<b>Units outstanding - As at</b>	June 30, December 31,			
					2019	2018		
<b>Gains on investments</b>				Class A	517,143	533,697		
Realized gains	1,250	1,276		Class B	1,745,023	1,845,365		
Unrealized gains	19,919	1,547		Class C	3,152,812	3,168,419		
	21,169	2,823		<b>Net asset value per unit - As at</b>	June 27, December 27,			
<b>Increase in net assets from operations attributable to contractholders</b>	<b>\$ 20,042</b>	<b>\$ 1,659</b>		<b>At last valuation date</b>	2019	2018		
				Class A	26.82	22.78		
<b>Increase in net assets from operations attributable to contractholders per unit</b>				Class B	29.28	24.82		
Class A	\$ 3.60	\$ 0.24		Class C	26.05	22.05		
Class B	3.63	0.27						
Class C	3.69	0.33						
Total fund	3.66	0.30						

Schedules of Investment Portfolio						
As at	June 30, 2019			December 31, 2018		
	Number of Units	Average Cost	Fair Value	Number of Units	Average Cost	Fair Value
Investment						
TD Emerald Canadian Equity Index Fund #1560 (2019 - 100.00%, 2018 - 100.04%)	3,405,896	\$ 109,824	\$ 147,962	3,522,167	\$ 113,446	\$ 131,665
Other net assets (liabilities) (2019 - 0.00%, 2018 - (0.04%))			4			(51)
<b>Net assets attributable to contractholders</b>			<b>\$ 147,966</b>			<b>\$ 131,614</b>

## The Wawanesa Life Insurance Company Segregated Funds

### Canadian Equity Index Fund

All amounts in thousands except per unit amounts and units outstanding

Statements of Cash Flows		
For the six months ended June 30		
	2019	2018
	Unaudited	Unaudited
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
<b>Receipts</b>		
Sale of institutional pooled fund units	\$ 5,446	\$ 4,902
	5,446	4,902
<b>Payments</b>		
Purchase of institutional pooled fund units	575	2,157
Management fees paid	1,167	1,164
Change in other financial assets and liabilities	14	11
	1,756	3,332
<b>Net cash provided by operating activities</b>	<b>3,690</b>	<b>1,570</b>
<b>Financing activities</b>		
Proceeds from sale of redeemable units	7,582	8,917
Payments on the redemption of redeemable units	(11,272)	(10,487)
<b>Net cash used in financing activities</b>	<b>(3,690)</b>	<b>(1,570)</b>
<b>Change in cash</b>	<b>-</b>	<b>-</b>
<b>Cash - Beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash - End of period</b>	<b>\$ -</b>	<b>\$ -</b>

### Top 25 Holdings of Underlying Fund (Unaudited)

As at June 30, 2019

Underlying Fund: TD Emerald Canadian Equity Index Fund #1560

Security Description	% of		Security Description	% of	
	Total	Security Description		Total	Security Description
Royal Bank of Canada	6.51	Canadian Natural Resources Limited	1.84		
Toronto-Dominion Bank	6.09	Nutrien Ltd.	1.79		
Enbridge Inc.	4.17	Shopify Inc.	1.70		
Canadian National Railway Company	3.82	Barrick Gold Corporation	1.58		
Bank of Nova Scotia	3.75	Alimentation Couche-Tard Inc.	1.57		
Suncor Energy Inc.	2.80	Waste Connections Inc.	1.44		
Bank of Montreal	2.75	Sun Life Financial Inc.	1.41		
TransCanada Corporation	2.61	TELUS Corporation	1.27		
Brookfield Asset Management Inc.	2.39	Rogers Communications Inc.	1.09		
BCE Inc.	2.33	Pembina Pipeline Corporation	1.09		
Manulife Financial Corporation	2.04	CGI Inc.	1.08		
Canadian Imperial Bank of Commerce	2.00	Constellation Software Inc.	1.06		
Canadian Pacific Railway Limited	1.88				

### Financial Highlights (Unaudited)

As at December 31

The following tables show selected key financial information about the Fund and are intended to assist in the understanding of the Fund's financial performance for the past 5 years.

The Fund's Net Asset Value per Unit		2018	2017	2016	2015	2014
Net asset value per unit <sup>(1)</sup>	Class A	\$ 23.45	\$ 26.26	\$ 24.58	\$ 20.96	\$ 23.11
	Class B	\$ 25.55	\$ 28.51	\$ 26.59	\$ 22.58	\$ 24.80
	Class C	\$ 22.71	\$ 25.26	\$ 23.50	\$ 19.90	\$ 21.80

Ratios and Supplemental Data		2018	2017	2016	2015	2014
Net assets (000's) <sup>(1)</sup>		\$ 131,614	\$ 147,212	\$ 143,030	\$ 117,335	\$ 133,780
Number of units outstanding <sup>(1)</sup>	Class A	533,697	559,797	569,790	572,238	581,824
	Class B	1,845,365	1,912,603	2,214,734	2,321,089	2,491,726
	Class C	3,168,419	3,085,026	2,982,755	2,717,097	2,684,575
Management expense ratio <sup>(2)</sup>	Class A	2.11%	2.11%	2.11%	2.11%	2.11%
	Class B	1.73%	1.73%	1.73%	1.74%	1.73%
	Class C	1.46%	1.46%	1.46%	1.47%	1.46%
Portfolio turnover rate <sup>(3)</sup>		2.80%	4.00%	3.32%	2.80%	3.54%

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during that year. The management expense ratios have been calculated using the aggregate of all fees, taxes, and other expenses incurred during the year. No fees or expenses otherwise payable by the Fund in any of the years reported were waived or otherwise absorbed by The Wawanesa Life Insurance Company.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.



## The Wawanesa Life Insurance Company Segregated Funds

### U.S. Equity Index Fund

All amounts in thousands except per unit amounts and units outstanding

Statements of Cash Flows		
For the six months ended June 30		
	2019	2018
	Unaudited	Unaudited
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
<b>Receipts</b>		
Sale of institutional pooled fund units	\$ 2,481	\$ 2,934
	2,481	2,934
<b>Payments</b>		
Purchase of institutional pooled fund units	1,285	3,188
Management fees paid	887	839
Change in other financial assets and liabilities	9	4
	2,181	4,031
<b>Net cash provided by (used in) operating activities</b>	<b>300</b>	<b>(1,097)</b>
<b>Financing activities</b>		
Proceeds from sale of redeemable units	6,310	7,383
Payments on the redemption of redeemable units	(6,610)	(6,286)
<b>Net cash provided by (used in) financing activities</b>	<b>(300)</b>	<b>1,097</b>
<b>Change in cash</b>	<b>-</b>	<b>-</b>
<b>Cash - Beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash - End of period</b>	<b>\$ -</b>	<b>\$ -</b>

### Top 25 Holdings of Underlying Fund (Unaudited)

As at June 30, 2019

Underlying Fund: TD Emerald U.S. Equity Index Fund #1571

Security Description	% of		% of Total
	Total	Security Description	
Microsoft Corporation	4.20	Walt Disney Company	1.00
Apple Inc.	3.54	Pfizer Inc.	0.98
Amazon.com Inc.	3.20	Mastercard Incorporated	0.97
Alphabet Inc.	2.68	Chevron Corporation	0.97
Facebook Inc.	1.90	Verizon Communications Inc.	0.96
Berkshire Hathaway Inc.	1.69	Cisco Systems Inc.	0.96
Johnson & Johnson	1.51	UnitedHealth Group Incorporated	0.95
JPMorgan Chase & Co.	1.48	Home Depot Inc.	0.94
Exxon Mobil Corporation	1.33	Merck & Company Inc.	0.88
Visa Inc.	1.23	Intel Corporation	0.87
Procter & Gamble Company	1.12	Coca-Cola Company	0.80
Bank of America Corporation	1.05	Wells Fargo & Company	0.78
AT&T Inc.	1.00		

### Financial Highlights (Unaudited)

As at December 31

The following tables show selected key financial information about the Fund and are intended to assist in the understanding of the Fund's financial performance for the past 5 years.

The Fund's Net Asset Value per Unit		2018	2017	2016	2015	2014
Net asset value per unit <sup>(1)</sup>	Class A	\$ 22.16	\$ 21.80	\$ 19.64	\$ 18.82	\$ 15.72
	Class B	\$ 24.47	\$ 23.98	\$ 21.52	\$ 20.55	\$ 17.10
	Class C	\$ 19.06	\$ 18.62	\$ 16.67	\$ 15.87	\$ 13.17

Ratios and Supplemental Data		2018	2017	2016	2015	2014
Net assets (000's) <sup>(1)</sup>		\$ 98,843	\$ 95,352	\$ 85,835	\$ 82,536	\$ 63,083
Number of units outstanding <sup>(1)</sup>	Class A	387,032	387,497	373,974	374,892	320,464
	Class B	1,435,079	1,471,394	1,502,367	1,656,658	1,561,401
	Class C	2,894,340	2,769,943	2,767,522	2,659,305	2,379,987
Management expense ratio <sup>(2)</sup>	Class A	2.18%	2.18%	2.17%	2.17%	2.19%
	Class B	1.81%	1.81%	1.81%	1.80%	1.81%
	Class C	1.53%	1.53%	1.53%	1.53%	1.54%
Portfolio turnover rate <sup>(3)</sup>		4.73%	4.76%	4.42%	5.94%	2.73%

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during that year. The management expense ratios have been calculated using the aggregate of all fees, taxes, and other expenses incurred during the year. No fees or expenses otherwise payable by the Fund in any of the years reported were waived or otherwise absorbed by The Wawanesa Life Insurance Company.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## The Wawanesa Life Insurance Company Segregated Funds

### International Equity Index Fund

All amounts in thousands except per unit amounts and units outstanding

#### Statements of Financial Position

As at	June 30, December 31,	
	2019	2018
	Unaudited	Audited
<b>Assets</b>		
Investments in institutional pooled fund units	\$ 40,254	\$ 36,359
<b>Liabilities</b>		
Due to related party	-	13
<b>Net assets attributable to contractholders</b>	<b>\$ 40,254</b>	<b>\$ 36,346</b>
<b>Net assets attributable to contractholders per unit</b>	<b>\$ 16.89</b>	<b>\$ 15.59</b>

#### Statements of Comprehensive Income

For the six months ended June 30	2019		2018	
	Unaudited	Unaudited	Unaudited	Audited
<b>Investment Income</b>				
Dividends				
Foreign	\$ -	\$ -	-	-
<b>Expenses</b>				
Management fees (note 6)	303	318	-	-
Withholding taxes	-	-	303	318
<b>Net investment income (loss)</b>	<b>(303)</b>	<b>(318)</b>		
<b>Gains on investments</b>				
Realized gains	116	210	3,212	624
Unrealized gains	3,212	624	3,328	834
<b>Increase in net assets from operations attributable to contractholders</b>	<b>\$ 3,025</b>	<b>\$ 516</b>		
<b>Increase in net assets from operations attributable to contractholders per unit</b>				
Class A	\$ 1.26	\$ 0.20		
Class B	1.27	0.21		
Class C	1.29	0.23		
Total fund	1.28	0.23		

#### Statements of Changes in Net Assets

##### Attributable to Contractholders

For the six months ended June 30	2019		2018	
	Unaudited	Unaudited	Unaudited	Audited
<b>Net assets attributable to contractholders - Beginning of year</b>	<b>\$ 36,346</b>	<b>\$ 37,102</b>		
<b>Increase in net assets from operations attributable to contractholders</b>	<b>3,025</b>	<b>516</b>		
<b>Unit transactions</b>				
Proceeds from sale of redeemable units				
Class A		167		288
Class B		208		638
Class C		2,835		3,430
		3,210		4,356
Payments on redemption of redeemable units				
Class A		250		263
Class B		202		399
Class C		1,875		2,227
		2,327		2,889
<b>Net redeemable unit transactions</b>	<b>883</b>	<b>1,467</b>		
<b>Net assets attributable to contractholders - End of period</b>	<b>\$ 40,254</b>	<b>\$ 39,085</b>		
<b>Units outstanding - As at</b>				
			June 30, December 31,	
			2019	2018
			Unaudited	Audited
Class A			243,375	248,614
Class B			369,600	369,536
Class C			1,769,662	1,712,693
<b>Net asset value per unit - At last valuation date</b>			June 27, December 27,	
			2019	2018
Class A	\$ 15.26	\$ 13.93		
Class B	16.86	15.37		
Class C	17.07	15.54		

#### Schedules of Investment Portfolio

As at	June 30, 2019			December 31, 2018		
	Number of Units	Average Cost	Fair Value	Number of Units	Average Cost	Fair Value
Investment						
TD Emerald International Equity Index Fund #1550 (2019 - 100.00%, 2018 - 100.04%)	2,345,309	\$ 33,054	\$ 40,254	2,311,800	\$ 32,370	\$ 36,359
Other net liabilities (2019 - 0.00%, 2018 - (0.04%))			-			(13)
<b>Net assets attributable to contractholders</b>			<b>\$ 40,254</b>			<b>\$ 36,346</b>

## The Wawanesa Life Insurance Company Segregated Funds

### International Equity Index Fund

All amounts in thousands except per unit amounts and units outstanding

Statements of Cash Flows		
For the six months ended June 30		
	2019	2018
	Unaudited	Unaudited
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
<b>Receipts</b>		
Sale of institutional pooled fund units	\$ 750	\$ 972
	750	972
<b>Payments</b>		
Purchase of institutional pooled fund units	1,317	2,117
Management fees paid	314	318
Change in other financial assets and liabilities	2	4
	1,633	2,439
<b>Net cash used in operating activities</b>	<b>(883)</b>	<b>(1,467)</b>
<b>Financing activities</b>		
Proceeds from sale of redeemable units	3,210	4,356
Payments on the redemption of redeemable units	(2,327)	(2,889)
<b>Net cash provided by financing activities</b>	<b>883</b>	<b>1,467</b>
<b>Change in cash</b>	<b>-</b>	<b>-</b>
<b>Cash - Beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash - End of period</b>	<b>\$ -</b>	<b>\$ -</b>

### Top 25 Holdings of Underlying Fund (Unaudited)

As at June 30, 2019

Underlying Fund: TD Emerald International Equity Index Fund #1550			
Security Description	% of Total	Security Description	% of Total
Nestle SA	2.25	AstraZeneca PLC	0.74
Royal Dutch Shell PLC	1.90	Commonwealth Bank of Australia	0.73
Novartis AG	1.41	Allianz SE	0.73
Roche Holding AG	1.40	GlaxoSmithKline PLC	0.71
HSBC Holdings PLC	1.19	Sanofi	0.69
Toyota Motor Corporation	1.00	Siemens AG	0.65
BP PLC	1.00	ASML Holding NV	0.63
SAP SE	0.96	Unilever NV	0.63
Total SA	0.95	Novo Nordisk AS	0.62
AIA Group Limited	0.92	BHP Group Limited	0.60
iShares MSCI EAFE ETF	0.92	Airbus Group SE	0.59
LVMH Moet Hennessy-Louis Vuitton SE	0.84	British American Tobacco PLC	0.57
Diageo PLC	0.74		

### Financial Highlights (Unaudited)

As at December 31

The following tables show selected key financial information about the Fund and are intended to assist in the understanding of the Fund's financial performance for the past 5 years.

The Fund's Net Asset Value per Unit		2018	2017	2016	2015	2014
Net asset value per unit <sup>(1)</sup>	Class A	\$ 14.16	\$ 15.37	\$ 13.44	\$ 14.17	\$ 12.08
	Class B	\$ 15.62	\$ 16.90	\$ 14.72	\$ 15.47	\$ 13.14
	Class C	\$ 15.79	\$ 17.03	\$ 14.80	\$ 15.50	\$ 13.13

Ratios and Supplemental Data		2018	2017	2016	2015	2014
Net assets (000's) <sup>(1)</sup>		\$ 36,346	\$ 37,102	\$ 30,498	\$ 31,037	\$ 24,349
Number of units outstanding <sup>(1)</sup>	Class A	248,614	250,775	201,745	203,195	181,810
	Class B	369,536	366,949	367,451	391,486	370,874
	Class C	1,712,693	1,587,445	1,511,427	1,438,736	1,315,780
Management expense ratio <sup>(2)</sup>	Class A	2.17%	2.16%	2.15%	2.15%	2.15%
	Class B	1.80%	1.79%	1.80%	1.79%	1.79%
	Class C	1.51%	1.51%	1.51%	1.51%	1.51%
Portfolio turnover rate <sup>(3)</sup>		3.84%	7.00%	6.96%	3.35%	4.44%

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during that year. The management expense ratios have been calculated using the aggregate of all fees, taxes, and other expenses incurred during the year. No fees or expenses otherwise payable by the Fund in any of the years reported were waived or otherwise absorbed by The Wawanesa Life Insurance Company.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## The Wawanesa Life Insurance Company Segregated Funds

### Canadian Bond Index Fund

All amounts in thousands except per unit amounts and units outstanding

#### Statements of Financial Position

As at	June 30, December 31,	
	2019	2018
<b>Assets</b>	Unaudited	Audited
Investments in institutional pooled fund units	\$ 30,974	\$ 28,279
<b>Liabilities</b>		
Due to related party	-	10
<b>Net assets attributable to contractholders</b>	<b>\$ 30,974</b>	<b>\$ 28,269</b>
<b>Net assets attributable to contractholders per unit</b>	<b>\$ 18.06</b>	<b>\$ 17.07</b>

#### Statements of Comprehensive Income (Loss)

For the six months ended June 30	2019		2018	
	<b>Investment Income</b>			
Interest for allocation purposes	\$ 463	\$ 449		
	463	449		
<b>Expenses</b>				
Management fees (note 6)	225	222		
	225	222		
<b>Net investment income</b>	<b>238</b>	<b>227</b>		
<b>Gains (losses) on investments</b>				
Realized gains (losses)	11	(12)		
Unrealized gains (losses)	1,362	(291)		
	1,373	(303)		
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	<b>\$ 1,611</b>	<b>\$ (76)</b>		
<b>Increase (decrease) in net assets from operations attributable to contractholders per unit</b>				
Class A	\$ 0.93	\$ (0.07)		
Class B	0.95	(0.05)		
Class C	0.97	(0.04)		
Total fund	0.96	(0.05)		

#### Statements of Changes in Net Assets

##### Attributable to Contractholders

For the six months ended June 30	2019		2018	
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Net assets attributable to contractholders - Beginning of year</b>	<b>\$ 28,269</b>	<b>\$ 28,241</b>		
<b>Increase (decrease) in net assets from operations attributable to contractholders</b>	<b>1,611</b>	<b>(76)</b>		
<b>Unit transactions</b>				
Proceeds from sale of redeemable units				
Class A		353		169
Class B		500		166
Class C		2,753		1,791
		3,606		2,126
Payments on redemption of redeemable units				
Class A		575		454
Class B		554		316
Class C		1,383		1,792
		2,512		2,562
<b>Net redeemable unit transactions</b>	<b>1,094</b>	<b>(436)</b>		
<b>Net assets attributable to contractholders - End of period</b>	<b>\$ 30,974</b>	<b>\$ 27,729</b>		
<b>Units outstanding - As at</b>				
			June 30, December 31,	
			2019	2018
			Unaudited	Audited
Class A			262,019	275,632
Class B			276,295	279,711
Class C			1,176,721	1,100,894
<b>Net asset value per unit - At last valuation date</b>			June 27, December 27,	
			2019	2018
Class A	\$ 16.52	\$ 15.68		
Class B	17.49	16.58		
Class C	18.47	17.48		

#### Schedules of Investment Portfolio

As at	June 30, 2019			December 31, 2018		
	Number of Units	Average Cost	Fair Value	Number of Units	Average Cost	Fair Value
Investment						
TD Emerald Canadian Bond Index Fund #1510 (2019 - 100.00%, 2018 - 100.04%)	2,357,943	\$ 29,955	\$ 30,974	2,255,482	\$ 28,623	\$ 28,279
Other net liabilities (2019 - 0.00%, 2018 - (0.04%))			-			(10)
<b>Net assets attributable to contractholders</b>			<b>\$ 30,974</b>			<b>\$ 28,269</b>



## The Wawanesa Life Insurance Company Segregated Funds

### Canadian Bond Index Fund

All amounts in thousands except per unit amounts and units outstanding

Statements of Cash Flows			
For the six months ended June 30			
	2019	2018	
	Unaudited	Unaudited	
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
<b>Receipts</b>			
Sale of institutional pooled fund units	\$ 1,139	\$	1,058
	1,139		1,058
<b>Payments</b>			
Purchase of institutional pooled fund units	1,998		399
Management fees paid	234		222
Change in other financial assets and liabilities	1		1
	2,233		622
<b>Net cash provided by (used in) operating activities</b>	<b>(1,094)</b>		<b>436</b>
<b>Financing activities</b>			
Proceeds from sale of redeemable units	3,606		2,126
Payments on the redemption of redeemable units	(2,512)		(2,562)
<b>Net cash provided by (used in) financing activities</b>	<b>1,094</b>		<b>(436)</b>
<b>Change in cash</b>	<b>-</b>		<b>-</b>
<b>Cash - Beginning of year</b>	<b>-</b>		<b>-</b>
<b>Cash - End of period</b>	<b>\$ -</b>		<b>\$ -</b>

### Top 25 Holdings of Underlying Fund (Unaudited)

As at June 30, 2019

Underlying Fund: TD Emerald Canadian Bond Index Fund #1510

Security Description	% of		Security Description	% of
	Total	Total		
2020/09/01 Government of Canada 0.750%	2.12		2045/06/02 Province of Ontario 3.450%	0.94
2021/03/01 Government of Canada 0.750%	1.72		2023/06/02 Province of Ontario 2.850%	0.93
2021/09/01 Government of Canada 0.750%	1.28		2024/06/01 Government of Canada 2.500%	0.90
2021/06/01 Government of Canada 3.250%	1.21		2024/03/01 Government of Canada 2.250%	0.89
2027/06/01 Government of Canada 1.000%	1.16		2045/12/01 Government of Canada 3.500%	0.89
2041/06/01 Government of Canada 4.000%	1.12		2037/06/01 Government of Canada 5.000%	0.87
2046/12/02 Province of Ontario 2.900%	1.11		2022/12/15 Canada Housing Trust No. 1 2.400%	0.85
2048/12/01 Government of Canada SERIES D358 2.750%	1.05		2024/06/02 Province of Ontario 3.500%	0.78
2022/03/01 Government of Canada 0.500%	1.05		2043/06/02 Province of Ontario 3.500%	0.74
2024/06/15 Canada Housing Trust No. 1 2.900%	1.01		2022/06/02 Province of Ontario 3.150%	0.74
2033/06/01 Government of Canada 5.750%	0.98		2022/06/01 Government of Canada 2.750%	0.73
2029/06/01 Government of Canada 5.750%	0.96		2022/06/15 Canada Housing Trust No. 1 1.750%	0.73
2022/09/01 Government of Canada 1.000%	0.94			

### Financial Highlights (Unaudited)

As at December 31

The following tables show selected key financial information about the Fund and are intended to assist in the understanding of the Fund's financial performance for the past 5 years.

The Fund's Net Asset Value per Unit		2018	2017	2016	2015	2014
Net asset value per unit <sup>(1)</sup>	Class A	\$ 15.72	\$ 15.83	\$ 15.78	\$ 15.87	\$ 15.67
	Class B	\$ 16.62	\$ 16.68	\$ 16.56	\$ 16.60	\$ 16.33
	Class C	\$ 17.52	\$ 17.53	\$ 17.37	\$ 17.35	\$ 17.02

Ratios and Supplemental Data		2018	2017	2016	2015	2014
Net assets (000's) <sup>(1)</sup>		\$ 28,269	\$ 28,241	\$ 29,987	\$ 28,931	\$ 26,116
Number of units outstanding <sup>(1)</sup>	Class A	275,632	298,516	380,039	368,326	340,312
	Class B	279,711	285,120	319,616	345,418	321,897
	Class C	1,100,894	1,069,416	1,076,052	998,580	912,216
Management expense ratio <sup>(2)</sup>	Class A	2.10%	2.11%	2.11%	2.11%	2.10%
	Class B	1.74%	1.74%	1.74%	1.73%	1.74%
	Class C	1.46%	1.46%	1.46%	1.46%	1.46%
Portfolio turnover rate <sup>(3)</sup>		4.38%	5.25%	8.73%	4.69%	6.22%

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during that year. The management expense ratios have been calculated using the aggregate of all fees, taxes, and other expenses incurred during the year. No fees or expenses otherwise payable by the Fund in any of the years reported were waived or otherwise absorbed by The Wawanesa Life Insurance Company.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

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### 1 General information

The Funds consist of four segregated funds maintained and managed by The Wawanesa Life Insurance Company (Wawanesa Life) in respect of individual variable deferred annuity contracts. The address of the Funds' executive office is 400 - 200 Main Street, Winnipeg, Manitoba, Canada. Annuity contractholders can select a segregated fund investment option, in which the benefit amount is directly linked to the fair value of the units held in the particular segregated fund. The underlying assets are registered in the name of Wawanesa Life and the annuity contractholders have no direct access to the specific assets. The assets of each Fund are legally segregated from the general fund assets of Wawanesa Life. The Funds are not separate legal entities. The contractual arrangements are such that the annuity contractholders bear the risks and rewards of the Funds' investment performance, subject to any applicable minimum maturity value and death benefit guarantees.

Each of the Funds will invest in securities consistent with the investment objectives described in The Wawanesa Life Insurance Company Individual Savings and Investment Plans Information Folder. Investments are primarily in units of institutional pooled funds offered by the Funds' investment manager, TD Asset Management Inc. (TDAM). Unitholder contributions, withdrawals, and transfers between funds are used to acquire or redeem units in the Funds. The Funds are open ended with the value of the assets held in each Fund described for reporting purposes by reference to units of the Fund. Such units represent a simple means of measuring the liability of Wawanesa Life to the unitholder in respect of the Funds. Transactions with unitholders occur at the net asset value per unit (NAVPU) for each class within the Funds.

### 2 Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as set out in Part 1 – IFRS of the CPA Canada Handbook. The significant accounting policies used in the preparation of these financial statements are summarized in this note. These accounting policies conform, in all material respects, to IFRS.

These financial statements present the financial position, financial performance and cash flows of the Funds as separate reporting entities.

Financial statement values, including the notes to the financial statements, are presented in Canadian dollars (\$) which is the Funds' functional and presentation currency rounded to the nearest thousand (\$'000), unless otherwise indicated.

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

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### 2 Significant accounting policies (continued)

The Funds present their statements of financial position on a liquidity basis (current to non-current balances). All assets and liabilities of the Funds are current.

Financial assets and financial liabilities are offset and the net amount reported on the statements of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and liabilities simultaneously. Investment income and expenses are not offset in the statements of comprehensive income (loss) unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Funds. Wawanesa Life has evaluated the impact of the requirements for offsetting and has determined that there is no material impact on the financial statements.

#### Financial instruments

The financial instruments of the Funds include investments and other financial assets and financial liabilities.

#### Investments

- a) Investments consist of units in institutional pooled funds, which include investments in stock of major Canadian, U.S. and International companies and in Canadian corporate and government bonds.
- b) The Funds recognize investments at fair value upon initial recognition. The Funds' investments are designated and measured at fair value through profit or loss (FVTPL).
- c) The accrual basis of accounting is used to record expenses incurred by the Funds.
- d) Dividends, interest and gains (losses) from institutional pooled funds are recognized on the income distribution dates. The earnings of each Fund are reinvested in the institutional pooled funds.
- e) The Funds use trade date accounting for purchases and sales of investments. Each Fund is responsible for all brokerage commissions incurred in buying and selling investments on its behalf. Realized gains (losses) are calculated on disposal as the net proceeds less the average cost of the investment. Unrealized gains (losses) are calculated by the change in fair value compared to the change in average cost. Gains (losses) on investments are recorded in the increase (decrease) in net assets from operations attributable to contractholders in the period in which they occur.
- f) The fair values of foreign investments and other assets and liabilities in the underlying institutional pooled funds are translated into Canadian dollars at exchange rates prevailing at the close of business on the date of each valuation.
- g) Purchases and sales of foreign investments and the related income in the underlying institutional pooled funds are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

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### 2 Significant accounting policies (continued)

#### Fair value of financial instruments

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the institutional pooled funds are determined with reference to their respective transactional NAVPUs provided by the investment manager.

Financial assets and financial liabilities recorded at fair value on the statements of financial position are classified in a hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- *Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.*

The Funds define active markets based on the frequency of valuation and any restrictions or illiquidity on disposition for units in institutional pooled funds. Assets measured at fair value and classified as Level 1 are the Funds' investments in institutional pooled fund units. The Funds do not adjust the quoted price for such instruments.

- *Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).*

Level 2 inputs include observable market information, including quoted prices for assets in markets that are considered less active. There are no investments that meet the Level 2 fair value measurement criteria.

- *Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.*

Level 3 assets and liabilities would include financial instruments whose values are determined using internal pricing models, discounted cash flow methodologies, or similar techniques that are not based on observable market data, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. There are no investments that meet the Level 3 fair value measurement criteria.

No investments were transferred between levels in 2019 or 2018.

# **The Wawanesa Life Insurance Company**

## **Segregated Funds**

Notes to Financial Statements

**June 30, 2019**

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### **2 Significant accounting policies (continued)**

#### **Classification and presentation of redeemable units issued by the Funds**

IAS 32 - "Financial Instruments: Recognition and Measurement" (IAS 32) requires that units or shares of an entity be classified as equity or financial liabilities, depending on certain criteria. As the Funds' units include a contractual obligation to repurchase or redeem the units for cash, they have been classified as financial liabilities.

The Funds' obligations for net assets attributable to contractholders are presented at the redemption amount.

#### **Other financial assets and financial liabilities**

Other financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted when appropriate at the contract's effective interest rate.

#### **Impairment of financial assets**

All financial assets other than FVTPL instruments are assessed for impairment at each reporting date. Impairment is recognized in the increase (decrease) in net assets from operations attributable to contractholders when there is objective evidence that a loss event has occurred which has impaired future cash flows of an asset.

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

### 2 Significant accounting policies (continued)

#### Increase (decrease) in net assets from operations attributable to contractholders per unit

The increase (decrease) in net assets from operations attributable to contractholders per unit is calculated by dividing the increase (decrease) in net assets from operations attributable to contractholders by the average number of units outstanding during the year.

The average number of units outstanding during the year for the Funds were as follows:

	June 30, 2019			
	Canadian Equity Index Fund	U.S. Equity Index Fund	International Equity Index Fund	Canadian Bond Index Fund
Class A	532,584	389,869	248,611	271,896
Class B	1,782,530	1,389,252	366,815	272,659
Class C	3,154,781	2,925,816	1,742,416	1,133,537
	June 30, 2018			
	Canadian Equity Index Fund	U.S. Equity Index Fund	International Equity Index Fund	Canadian Bond Index Fund
Class A	549,914	398,920	253,686	288,321
Class B	1,897,191	1,485,561	376,479	277,504
Class C	3,085,399	2,832,434	1,652,045	1,068,898

#### Taxation of the Funds

Each Fund is deemed to be a separate inter-vivos trust under the Income Tax Act (Canada) and its income and realized capital gains (losses), as applicable, are allocated to unitholders and their beneficiaries. Accordingly, subject to any withholding taxes which may be payable, under current tax legislation there are no income taxes payable by the Funds. As a result, no provision for income taxes is required in the financial statements of the Funds.

Each Fund is responsible for all applicable taxes on management fees, including goods and services tax and harmonized sales tax.

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

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### 2 Significant accounting policies (continued)

#### Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for annual reporting periods beginning on or after January 1, 2020. The standards impacted that may be applicable to the Funds are:

*IAS 1 - "Presentation of Financial Statements" and IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"*

Amendments to IAS 1 - "Presentation of Financial Statements" and IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" were issued in October 2018. The amendments are effective for annual periods beginning on or after January 1, 2020. The amendments update the definition of "material" and the meaning of "primary users" of general purpose financial statements. The Funds are evaluating the impact these amendments will have on the financial statements.

#### *Conceptual Framework for Financial Reporting*

In March 2018, the IASB revised its conceptual framework for financial reporting. The revised framework includes a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance, and clarifications on important topics (e.g., the roles of stewardship, prudence, and measurement uncertainty in financial reporting). The IASB has also issued amendments that update references to the framework in certain standards. The amendments are effective for annual periods beginning on or after January 1, 2020. The Funds do not expect these amendments to significantly impact the financial statements.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires Wawanesa Life to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from such estimates. Changes in estimates are recorded in the accounting period in which they are determined. The fair value of investments is a financial statement component subject to Wawanesa Life's judgement and estimates. Wawanesa Life did not adjust the quoted price for the Funds' investments (note 2).

# The Wawanesa Life Insurance Company

## Segregated Funds

Notes to Financial Statements

June 30, 2019

### 4 Description of units

Each Fund is subdivided into three classes of units (Class A, Class B and Class C) which are attributed to individual variable deferred annuity contracts for the purpose of determining the value of the benefits under those contracts. Annuity contractholders acquire no direct claim on the units or assets of a Fund by purchasing a contract but only the benefits which are provided under the contract. Units are issued or redeemed when required by the terms of the contract.

Class A, Class B and Class C units differ with respect to management fees charged to each. Class B is closed to new contracts. A separate net asset value per unit is determined for each class of each Fund. Changes in units for the year-to-date periods are summarized as follows:

	June 30, 2019			December 31, 2018		
	Units, end of period	Units Issued	Units Redeemed	Units, end of year	Units issued	Units redeemed
<b>Canadian Equity Index Fund</b>						
Class A	517,143	16,720	33,274	533,697	49,746	75,846
Class B	1,745,023	41,784	142,126	1,845,365	88,601	155,839
Class C	3,152,812	235,458	251,065	3,168,419	463,053	379,660
<b>U.S. Equity Index Fund</b>						
Class A	390,455	16,979	13,556	387,032	63,451	63,916
Class B	1,371,156	31,257	95,180	1,435,079	84,089	120,404
Class C	2,955,387	247,643	186,596	2,894,340	435,382	310,985
<b>International Equity Index Fund</b>						
Class A	243,375	11,240	16,479	248,614	42,460	44,621
Class B	369,600	12,570	12,506	369,536	48,325	45,738
Class C	1,769,662	169,598	112,629	1,712,693	298,359	173,111
<b>Canadian Bond Index Fund</b>						
Class A	262,019	21,985	35,598	275,632	19,891	42,775
Class B	276,295	29,367	32,783	279,711	20,555	25,964
Class C	1,176,721	153,400	77,573	1,100,894	188,317	156,839





# **The Wawanesa Life Insurance Company**

## **Segregated Funds**

Notes to Financial Statements

**June 30, 2019**

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### **7 Financial risk management**

There are several types of financial risks a segregated fund may be subject to. A segregated fund which invests in the units of an underlying fund will be subject to the same investment risks as the underlying fund. To understand those risks and how they are managed, unitholders should consult the financial statements of the underlying funds identified in the unaudited Top 25 Holdings of Underlying Funds. Significant risks that are relevant to the Funds are discussed below.

#### **Credit risk**

Credit risk is the possibility of financial loss, despite realization of collateral security or property, due to the failure of counterparties to meet contractual obligations to the Funds. Of the Funds offered by Wawanesa Life, the Canadian Bond Index Fund is the only Fund with exposure to credit risk. While the Fund has no direct exposure to credit risk, it may be exposed indirectly to credit risk through investments in the underlying fund. This risk is mitigated by investing primarily in an institutional pooled investment fund which is managed to track the performance of the index it is designed to represent.

The Funds are exposed to counterparty credit risk through their investment in institutional pooled funds managed by TDAM that use derivative instruments. This risk is considered in determining the fair value of the Funds, however for the periods ended June 30, 2019 and December 31, 2018, it had no impact on the fair value presented in the financial statements.

#### **Liquidity risk**

Liquidity risk is the possibility of financial loss due to having insufficient cash resources to meet financial obligations without raising funds at unfavourable rates or selling assets on a forced basis. All Funds are exposed to potential weekly cash redemptions of redeemable units. Units are redeemed on demand at the unitholder's option based on the Funds' NAVPU on the date of redemption.

The Funds maintain sufficient liquidity by investing the majority of their assets in readily disposable underlying funds.

# **The Wawanesa Life Insurance Company**

## **Segregated Funds**

Notes to Financial Statements

**June 30, 2019**

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### **7 Financial risk management (continued)**

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risk.

Interest rate risk is the potential for financial loss arising from interest rate changes. The Canadian Bond Index Fund is the only Fund exposed to this risk, as the value of interest-bearing financial instruments in the underlying fund fluctuate due to changes in the prevailing levels of market interest rates.

Currency risk is the possibility of financial loss due to exposure to foreign currency fluctuations. The investments in the U.S. Equity Index Fund and the International Equity Index Fund are denominated in Canadian dollars, however the underlying funds are exposed to currency risk as their investments are denominated or traded in a foreign currency. Limited currency risk also exists in the Canadian Equity Index Fund as a maximum of 10% of its investments can be denominated or traded in a foreign currency.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or other factors affecting all instruments traded in a market or market segment. All Funds present a risk of loss of capital.

The Funds are exposed indirectly to these risks through their investment in underlying funds. However, the underlying funds are managed to track the performance of the indices they are designed to represent.