



POWER CORPORATION  
OF CANADA

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## **Annual Meeting of Shareholders**

Address to the Shareholders by  
**R. Jeffrey Orr**  
President and Chief Executive Officer  
May 14, 2021

[www.PowerCorporation.com](http://www.PowerCorporation.com)

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### Forward-Looking Statements

In the course of today's meeting, representatives of the Corporation may make, in their remarks or in response to questions, and the accompanying materials may include, statements containing forward-looking information.

Certain statements, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the listener/reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the listener/reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, including the Corporation's value-creation strategy and further expectations to drive and surface value, improvement in the Corporation's trading price discount to net asset value, the fintech strategy and impact of the latest financing round of Wealthsimple, goals for diversity in the composition of the Corporation's Board of Directors, continued enhancement of environmental, social and governance practices, the goals and intent of the Corporation's alternative asset management businesses, the Corporation's intention to surface and realize value from its ownership of standalone businesses, targeted expenses reductions, the expected impact of the COVID-19 pandemic on the Corporation and its subsidiaries' operations, results and dividends, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts", "aims" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors and with respect to forward-looking statements disclosed by the Corporation's subsidiaries, the factors identified by such subsidiaries in their respective MD&A.

The listener/reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, and that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries and, with respect to forward-looking statements disclosed by the Corporation's subsidiaries, the risks identified by such subsidiaries in their respective annual MD&A and Annual Information Form most recently filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com). While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent annual, and subsequently filed interim, MD&A and Annual Information Form, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com).

### Non-IFRS Financial Measures and Presentation

Certain financial terms which may be included in statements today or in the accompanying materials, such as adjusted net earnings, adjustments, adjusted net earnings per share, net asset value, net asset value per share and assets under administration, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to listeners/readers in their analysis of the results of the Corporation.

The Corporation also uses a non-consolidated basis of presentation to present and analyze its results whereby the Corporation's controlling interests held through Power Financial in Lifeco, IGM, Portage I, Portage II, and Wealthsimple, as well as other subsidiaries consolidated by Power Corporation, are accounted for using the equity method. Presentation on a non-consolidated basis is a non-IFRS presentation.

Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, any recent changes to their method of calculation, an explanation of their purpose and a reconciliation of these non-IFRS measures to results reported in accordance with IFRS, where comparable IFRS measures exist.



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Address to the Shareholders by  
**R. Jeffrey Orr**  
President and Chief Executive Officer

## **Annual Meeting of Shareholders**

### **May 14, 2021**

Ladies and Gentlemen, thank you for joining us today.

I would like to start by making a few comments about the difficult times we have all been living through. This has been a period like no other.

The spread of COVID-19 has resulted in widespread human suffering and tragedy, has created economic disruption across the globe, and has dramatically changed the way every single one of us have been carrying on our daily lives.

We wish to convey our most heartfelt condolences to all those who have lost a loved one, and gratitude to all those who have tirelessly worked to ensure the health, well-being and safety of our communities.

While there are still many challenges to be managed before our world returns to some new state of normalcy, there are also many reasons to be optimistic and, throughout the past year, the strength of the human spirit has been evident all around us.

- We have witnessed people across society respond with heroic and selfless behaviour, such as our healthcare and essential workers.
- Governments have acted to attempt to mitigate the economic damage.
- The medical community has developed and produced vaccines on historically short timelines.
- And the rapid adoption of digital tools by individuals and organizations has permitted the world to continue to function in some sort of “normal” way – something that would have been difficult to imagine only a year or so ago.

The leadership and employees at Power and its group companies also acted quickly to respond to the very important challenges posed by the disease.

- They switched rapidly to a remote working model, all the while prioritizing the health and safety of employees and the ability to continue to serve clients through these very stressful times.
- Our companies and our people also stepped up to help their communities and many health and charitable institutions by providing financial support and by volunteering time and energy, both long-standing and integral parts of our history and culture.

To the thousands of individuals who work at the companies that are part of the Power group, we say “thank you”. Your flexibility, resilience, commitment, and compassion throughout these challenging times has made all the difference.



### **A Sustainable and Responsible Management Philosophy**

We believe that businesses hold a particular responsibility towards the communities in which they operate, towards fellow citizens, and towards the health and sustainability of the planet we all share. We are deeply conscious of the fact that we do not operate in a vacuum: thriving businesses depend on a thriving, sustainable society.

We have endeavoured to build our businesses on a foundation of integrity and ethical conduct, and have long recognized that our business success is predicated on the success of our people and our clients, and on contributing to the communities in which we operate.

In 2020, we maintained our focus on climate change. Power Corporation was one of only three Canadian companies, Great-West Lifeco being one of the others, to receive the top score A (Leadership) from the CDP—the Carbon Disclosure Project—earning a spot on their Climate “A List”.

Charitable giving and supporting our communities are integral to our mission. COVID-19 placed heightened demands on the most vulnerable among us. We supported community-based organizations and funded several urgent COVID-19-related medical research projects at various hospitals. We continued to honour commitments to our cultural partners and supported initiatives to help artists facing increased financial hardship.

During 2020, we also continued to strengthen our governance framework, as the Chair will address in his remarks.

As the investment universe puts greater emphasis on environmental, social and corporate governance considerations, or ESG, we believe we are well positioned to continue to enhance our practices in order to meet ever-higher expectations.

### **Power is Pursuing a New Value-Creation Strategy**

While we have all been battling the challenges of COVID-19, Power Corporation has also embarked on an ambitious journey designed to build upon our history of creating value for our clients, our people, our communities, and our shareholders.

In 2020, and into 2021, a significant number of initiatives have been announced to simplify our group, sharpen our focus, create value, and explain our story with greater clarity.

The initiatives follow the adoption of a new strategy which emphasizes financial services, not diversification.

The strategy was announced as part of a reorganization completed in February of 2020 whereby common shareholders of Power Financial became shareholders of Power Corporation, simplifying our company by eliminating the dual-holding company structure.

The reorganization was followed in March with the announcement that shareholders of Pargesa would become shareholders of GBL, further simplifying the group.

This was followed by announcements by Great-West Lifeco and IGM of four separate acquisition transactions over a 13-week period last summer, in which our group companies deployed over \$6.0 billion of capital, in both the U.S. and Canada, right in the middle of the COVID-19 pandemic.

Fundraising announcements by Wealthsimple and Lion Electric last fall began to surface some of the value Power has been creating through its investments over the past few years.



As we rolled into 2021, our alternative investment platforms announced a series of third-party fundraisings, and then last week Wealthsimple announced the largest private technology fundraising in Canadian history, which also surfaced additional value for the Power group.

Transactions and initiatives like these, coupled with the emergence of higher earnings growth at Great-West Lifeco and IGM Financial, are at the heart of Power's value-creation strategy.

The strategy we are pursuing may be new, but we are following the same long-standing principles that Power's business has been built upon over many decades. We take a long-term perspective to value creation, we endeavour to build leading franchises with attractive growth profiles, we provide active governance oversight of our companies, and we maintain a strong balance sheet and a prudent approach to risk management.

The value-creation strategy is based upon three key levers:

- 1) organic growth at each of our publicly traded operating companies;
- 2) augmenting that growth through the deployment and redeployment of capital, such as M&A activities; and
- 3) actions we can take at the Power Corporation level.

### **Value Creation at our Publicly Traded Operating Companies**

Great-West Lifeco and IGM are pursuing higher earnings and cash-flow growth by capitalizing on the significant investments they have made in their businesses over the past few years. They are also seeking to augment that growth through an active acquisition strategy, and by reducing capital from businesses that are not expected to meet return thresholds over time.

Our publicly traded operating companies were very active in 2020 deploying capital and realigning their businesses.

In June, Empower Retirement, the U.S. retirement business of Great-West Lifeco, announced that it was acquiring Personal Capital, a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors. The purchase price was US\$825 million, with the potential to be increased to US\$1.0 billion. IGM, which had been supporting the growth of Personal Capital for several years as part of our group's broader fintech strategy, sold its approximate 25 per cent interest in Personal Capital as part of the transaction.

Empower followed in September with the announcement that it was acquiring the retirement business of Massachusetts Mutual Life Insurance Company, which serves 2.5 million individuals through 26,000 group retirement plans, for a total transaction value of US\$3.35 billion.

The two transactions position Empower as the clear number two provider in the large U.S. defined contribution market, with a growing position in the individual wealth management market, serving 12 million people and now having over US\$1 trillion of client assets on its platform.

In August, IGM announced that Mackenzie was acquiring GLC Asset Management from Canada Life, strengthening Mackenzie's position as a leading Canadian asset manager and enhancing Canada Life's wealth management client offering.



In September, Mackenzie and Great-West Lifeco announced that they were jointly acquiring a non-controlling interest in Northleaf Capital Partners, a leading manager of global private equity, private credit and infrastructure, with \$15 billion in assets under management.

Over the course of a few months last summer, during a period of financial uncertainty, our group companies took advantage of their strong financial positions and acted decisively to make a series of attractive acquisitions that strengthened their competitive positions.

GBL is continually evaluating and managing its portfolio and working with the companies it is invested in to generate attractive returns for shareholders and add to its long record of success. During the year, GBL continued to be active in repositioning its portfolio by increasing its commitments to private companies. Additional commitments to Sienna Capital and the acquisition of Canyon Bicycles increased exposure to this asset class, which includes Webhelp, acquired in 2019. Since the team began its journey restructuring the portfolio in 2012, GBL has outperformed its reference benchmark (STOXX Europe 50) by 228 basis points (9.5 per cent vs. 7.3 per cent).

#### **Value Creation at the Power Corporation Level**

Beyond what our operating companies are doing, there is much value to be created at the Power Corporation level. We are creating alternative asset management businesses, building upon the investment capabilities that have been created over many years in several high-growth asset classes. The intent is to have Power provide seed capital to the different investment products, and have the businesses' growth fuelled by raising third-party capital. The goal is to provide attractive returns on Power's seed capital, augmented in time with profits earned as the asset manager, which are expected to emerge as the businesses achieve sufficient scale.

We will also leverage synergies across the Power group by helping to supply a portion of the needs that the Great-West Lifeco and IGM companies and their clients have for these types of investments.

Sagard Holdings currently has teams managing private equity, private credit, fintech venture capital and healthcare royalty strategies, while Power Sustainable teams are managing strategies in renewable energy infrastructure and China public equities.

Both have made substantial progress in raising third-party capital. For example, Sagard Holdings announced last month that it had raised over US\$900 million in its second private credit fund, while earlier this year Power Sustainable announced the formation of its Energy Infrastructure Fund with \$1 billion in commitments, including substantial third-party commitments.

Power also owns a number of attractive standalone businesses that had been invested in as part of the previous strategy of diversification. It is our stated intention to surface and realize value from these businesses over time, while honouring the commitments we have made to our partners in these businesses.

Last week, Lion Electric, an innovative manufacturer of zero-emission vehicles in which Power is the largest indirect shareholder, completed a business combination it announced in November 2020 and is now listed on the TSX and the New York Stock Exchange. At Lion's trading value this week, Power's investment has a fair value of \$1.2 billion, an increase of more than \$1.1 billion above Power's cost, representing a multiple of 22 times the capital we had invested in the company.



As part of our group's fintech strategy, Power and IGM have also been supporting the growth of Wealthsimple, one of Canada's leading financial technology companies and operating one of the country's largest and fastest-growing digital platforms.

Last week, Wealthsimple announced that it had signed a \$750 million financing round. The fundraising consists of a \$250 million primary offering by Wealthsimple, as well as a \$500 million secondary offering by Power, IGM Financial and Great-West Lifeco, pro rata to their respective ownership interests. The fundraising values the Power group's holdings of Wealthsimple at \$2.6 billion, of which we will receive \$500 million in cash and retain a position valued at \$2.1 billion. Based upon our group's total investment in Wealthsimple of \$315 million, this represents a multiple on invested capital of 8.3 times and a compound annual return on investment of 79 per cent (before expenses and taxes).

Our group has recouped more than its total investment in Wealthsimple through the secondary sale, we continue to own 43 per cent<sup>[1]</sup> of the equity and control 60 per cent<sup>[2]</sup> of the votes, and retain full flexibility with respect to our ownership position of the company in the future.

Our Fintech strategy has resulted in our group owning companies like Wealthsimple in Canada and Personal Capital in the U.S., which are challenging established financial services business models through technology, innovation, and a relentless focus on improving client experiences. The strategy has also led to the creation of Portage, now one of the leading Fintech venture capital firms globally, with investments around the world in disruptive emerging competitors in the key sectors of financial services we are focused on.

The interaction of these companies' leadership with the leadership of our operating companies, like Canada Life, Empower, Mackenzie, and IG Wealth Management, has not only led to successful business partnerships, but has put our leadership teams on their front foot with respect to how technology is changing their businesses. It is giving our existing businesses a forward-looking view as to where their businesses will go next. This significant benefit was one of our primary objectives when we launched our Fintech strategy six years ago.

The Power group also owns close to 28 per cent in China Asset Management, one of the leading asset management companies in China, with each of Power and IGM owning just under 14 per cent.

China AMC provides our shareholders with an opportunity to participate in the fastest-growing asset management market in the world and provides our clients the ability to participate in the growth of China through investment products that we are able to provide. We believe, when you take a long-term view, that Canadians will want to have exposure to this important economy.

China AMC's assets, revenues, earnings and dividends are all growing at very impressive rates.

We announced a few other important initiatives as part of our value-creation strategy, including an enhanced commitment to disciplined cost management practices and our intention to reduce expenses at the holding company by \$50 million annually within two years. By the end of Q1 2021, we had implemented actions to achieve 66 per cent of the targeted expense reduction.

[1] Fully diluted.

[2] Including a 3.8% interest held through a co-investment vehicle managed by Sagard Holdings



Power also committed to enhanced communication with financial market participants and other stakeholders. We want to create far greater understanding of our businesses, our strategies, our goals and our performance. Power introduced quarterly results calls for analysts and investors in the first quarter of 2020 and held meetings with 81 institutional investors over the course of the year, all while working to continually improve the clarity of our public reporting. Our publicly traded operating companies are also augmenting their respective communication efforts.

We are executing our strategy and communicating actively with the financial community so that the various levers we are utilizing to create value are well understood by our shareholders.

We track our progress using various metrics, including, of course, total shareholder returns. While we are long-term focused in our view to building value, we are well aware that we also need to perform over shorter horizons. The strategic actions I have described here today, together with the momentum our various businesses are demonstrating as a result of investments we have made over the past several years, have helped produce attractive returns over recent periods. We are committed to continuing to take the initiatives and drive the strategies that are needed to produce attractive returns for our shareholders over the long term.

### **Leadership Changes at IGM Financial**

Before I turn to the financial results, I would like to acknowledge Mr. Jeff Carney. In September, after more than 30 years in the industry in North America, seven of them leading IGM companies, Jeff retired as CEO of IGM Financial and IG Wealth Management for health reasons. Under his visionary leadership, IGM's companies have emerged stronger and highly client-focused, and are enjoying excellent growth in the marketplace. Jeff was also a keen and early proponent of our fintech strategy and played an important role in our group's decision to invest in Personal Capital and Wealthsimple. We are profoundly grateful for Jeff's contributions, and we wish him and his family all the very best in the future.

With Jeff's departure, we welcomed James O'Sullivan as President and CEO of IGM Financial. James, a highly respected industry veteran, has the depth of knowledge and experience to successfully lead IGM forward as it continues to pursue its value-creation strategy.

### **Financial Results**

I will now address our 2020 financial results.

Power and its group companies demonstrated their resilience in a volatile period, collectively delivering increased earnings in 2020 compared with 2019.

Power Corporation's net earnings were \$1,994 million or \$3.08 per share, compared with \$1,108 million or \$2.53 per share in 2019.

Adjusted net earnings were \$1,943 million or \$3.00 per share, compared with \$1,275 million or \$2.92 per share in 2019.

In 2020, Power Corporation also increased its dividends paid to participating shareholders. Dividends paid on Power Corporation's participating shares were \$1.7475 per share, compared with \$1.5970 per share in 2019, an increase of 9.4 per cent.



### **First Quarter 2021 Earnings**

For the first quarter of 2021, net earnings were \$556 million or \$0.82 per share, compared with \$200 million in 2020 or \$0.36 per share. Adjusted net earnings were \$786 million or \$1.16 per share, compared with \$345 million or \$0.62 per share.

The higher adjusted net earnings in the first quarter of 2021 were as a result of realized gains in China, as well as higher earnings at both Lifeco and IGM.

### **Quarterly Dividend**

At the meeting of the Board which was held yesterday, the Directors declared a quarterly dividend of 44.75 cents per share on the participating shares of Power Corporation.

### **The Power Group**

To conclude, substantial progress was made across the Power Corporation group in 2020 and that momentum has carried over into 2021. We salute the outstanding contributions of our management teams and the thousands of employees around the world who have made this happen as they grappled with the challenges of the global pandemic. We also thank our clients, our business partners and our shareholders for their ongoing support.

Thank you.