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Review of Financial Performance

All tabular amounts are in millions of canadian dollars, unless otherwise noted.

MARCH 17, 2021

This Annual Report is intended to provide interested shareholders and others with selected information concerning Power Corporation of Canada. For further information concerning the Corporation, shareholders and other interested persons should consult the Corporation's disclosure documents, such as its Annual Information Form and Management's Discussion and Analysis (MD&A). Copies of the Corporation's continuous disclosure documents can be obtained on the Corporation's website at www.powercorporation.com, at www.sedar.com, or from the office of the Secretary at the addresses shown at the end of this report.

FORWARD-LOOKING STATEMENTS › Certain statements in this document, 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 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 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 fintech strategy, the expected impact of the COVID-19 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, the intended effects of the Reorganization (as defined herein), the Corporation's NCIB (as defined herein) commenced in 2021, the proposed redemption by the Corporation and Power Financial of certain classes of their First Preferred Shares, management of standalone business to realize value over time, the completion of the Lion Electric merger transaction (as defined herein) and the timing thereof, and the Corporation's subsidiaries' disclosed expectations, including as a result of the acquisition of the retirement services business of MassMutual, Personal Capital, Northleaf and related synergies, impacts and timing thereof. 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" 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, the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors and with respect to foward-looking statements of the Corporation's subsidiaries' disclosed in this review of financial performance, the factors identified by such subsidiaries in their respective annual MD&A.

The 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, including the availability of cash to complete purchases under the NCIB and to redeem First Preferred Shares of the Corporation and Power Financial 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 foward-looking statements of the Corporation's subsidiaries' disclosed in this review of financial performance, the risks identified by such a 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. 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 MD&A and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Readers are reminded that a list of the abbreviations used throughout can be found on the inside front cover of this Annual Report. In addition, the following abbreviation is used in the Review of Financial Performance and in the Financial Statements and Notes thereto: Audited Consolidated Financial Statements of Power Corporation and Notes thereto for the year ended December 31, 2020 (the 2020 Consolidated Financial Statements or the Financial Statements).

Overview

POWER CORPORATION OF CANADA

Incorporated in 1925, Power Corporation (TSX: POW; POW.PR.E) is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. Through Power Financial, it controls Lifeco and IGM and in recent years has implemented an active fintech strategy. It also holds jointly with the Frère Group of Belgium a controlling interest in GBL.

Power Corporation conducts its investment activities, built upon a network of deep and long-standing relationships, to provide superior returns. Investment activities include investments in alternative asset managers and investment funds, including Sagard Holdings and Power Sustainable, and interests in China resulting from more than 40 years of engagement.

Power Corporation adheres to four overriding investing principles to pursue its objectives of achieving sustainable long-term value creation in the best interests of the Corporation:

- Long-term perspective
- Leading franchises with attractive growth profiles
- Strong governance oversight
- Prudent approach to risk management

Power Corporation's value creation strategy is designed to achieve superior investment returns and stable cash flows. Power Corporation's core investments, held through Power Financial, are its controlling interests held in Lifeco and IGM and its investment in GBL, which historically have provided stable cash flows through their regular dividends. Significant investments have also been made in alternative asset investment platforms:

- Sagard Holdings, since its inception in 2005, has evolved into a multi-strategy alternative asset manager. Sagard Holdings looks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard Holdings invests across four asset classes: private credit, healthcare royalties, venture capital and private equity (including European private equity), and also offers wealth management services.
- Power Sustainable is a sustainability-led global alternative asset manager with a long-term investment approach. Power Sustainable aims to create long-term value by actively investing in entrepreneurial management teams, companies and projects with sustainable business models. Power Sustainable currently manages two main platforms:
  - Power Pacific invests in China's public equity markets, selecting companies with sustainable business models that have significant alignment to China's multi-decade transformation to an innovation-led economy. Power Pacific invests with a high-conviction, fundamentals-based research driven investment process.
  - Power Energy actively invests in the development, construction and operation of renewable energy infrastructure assets across North America. Power Energy applies the Corporation's principles of collaboration and building trusted relationships in industries that benefit from the global energy transformation.

The alternative asset investment platforms also have significant influence and controlling interests in several standalone businesses, which will be managed to realize value over time.

The Corporation's multi-generational relationships have been foundational in creating investment opportunities in China. China AMC, one of the largest asset managers in China, diversifies the Corporation's interests by creating strategic opportunities with other asset managers within the Power group of companies.

2020 HIGHLIGHTS

Reorganization

On December 13, 2019, the Corporation and Power Financial announced the execution of a definitive agreement to effect a reorganization transaction (Reorganization), pursuant to which each common share of Power Financial held by holders of common shares of Power Financial other than the Corporation and its wholly owned subsidiaries (PFC Minority Shareholders), would be exchanged for 1.05 subordinate voting shares of the Corporation and $0.01 in cash.

On February 13, 2020, the Corporation successfully completed the Reorganization. The Corporation acquired 238,693,580 common shares of Power Financial and issued 250,628,173 of its subordinate voting shares to PFC Minority Shareholders. The Corporation now holds 100% of the issued and outstanding common shares of Power Financial, which were delisted from the TSX. Power Financial remains a reporting issuer in all of the provinces and territories of Canada, as Power Financial's First Preferred Shares and its 6.9% debentures due March 11, 2033 remain outstanding.

The Reorganization has and is expected to continue to benefit the Corporation by serving as the foundation and catalyst for a broader set of strategic initiatives expected to create long-term value:

- Simplified Corporate Structure – The Reorganization has effectively eliminated the dual-holding company structure and consolidated ownership of the group's industry-leading financial services operating companies, while concurrently reducing organizational complexity.
- Focus on Financial Services – The Corporation's strategy now emphasizes financial services, including the businesses of Power Financial and the alternative asset investment platform businesses of the Corporation.
  - Power Financial's Operating Companies – Commitment to value creation at each of Lifeco, IGM and GBL, Power Financial's leading insurance, retirement, wealth management and investment franchises.
  - The Corporation's Alternative Asset Investment Platforms – The Corporation has built investment platforms that manage portfolios on behalf of the Corporation and third-party investors in several alternative asset classes where the Corporation has a competitive advantage. The Corporation will continue to prioritize the development of these investment platforms. The Corporation also has significant influence and majority control of several standalone businesses, which will be managed to realize value over time.
- Operating Expense Reduction – The Corporation anticipates significant near-term cost reductions of approximately $50 million per year within two years of the date of the Reorganization by eliminating duplicative public company-related expenses and rationalizing other general and administrative expenses. To date, the Corporation has implemented actions to achieve 61% of the targeted reduction.

- Financing Expense Reduction – The Corporation and Power Financial intend to redeem an aggregate of $350 million of their First Preferred Shares with available cash within two years from the date of the Reorganization, resulting in reduced annual financing costs by approximately $15 million per year.
- Increase in the Corporation's Quarterly Dividend – The Corporation increased its quarterly dividend by 10.5% to 44.75 cents per share, commencing in the second quarter of 2020.

On February 12, 2020, in connection with the Reorganization, and in accordance with the pre-emptive right (Pre-Emptive Right) in favour of holders of participating preferred shares included in the Corporation's Articles, the Corporation issued 6,006,094 participating preferred shares. The Pre-Emptive Right entitled holders of participating preferred shares to acquire from the Corporation, pro rata to their respective holdings in participating preferred shares, an aggregate number of participating preferred shares that is equal to 12.0% of the number of subordinate voting shares issued pursuant to the Reorganization. Pansolo Holding Inc. (Pansolo), a corporation controlled by the Desmarais Family Residuary Trust, purchased 6 million participating preferred shares under the Pre-Emptive Right on February 12, 2020, resulting in direct and indirect ownership by Pansolo of voting shares of the Corporation to which are attached an aggregate 50.6% of the total votes of all the Corporation's shares outstanding.

Strategic Highlights at the Publicly Traded Operating Companies

A number of strategic transactions were completed throughout 2020, including:

- **Irish Progressive Services International Limited (IPSI):** On August 4, 2020, Irish Life, a subsidiary of Lifeco, completed the sale of IPSI, a wholly owned subsidiary whose principal activity is the provision of outsourced administration services for life assurance companies, to a member of the FNZ Group of companies. Lifeco recognized a net gain of $94 million post-tax resulting from the transaction.
- **Personal Capital Corporation (Personal Capital):** On August 17, 2020, Empower Retirement, a subsidiary of Lifeco, completed the acquisition of Personal Capital, a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors. Under the terms of the agreement, Empower Retirement acquired 100% of the equity of Personal Capital, which included the 24.8% interest owned by IGM (approximately 21.7% after giving effect to dilution), for net consideration of US$813 million on closing and deferred consideration of US$20 million, which represents Lifeco's management best estimate and could increase up to US$175 million subject to achievement of target growth objectives. Lifeco funded the upfront consideration with cash on hand and US$500 million in debt financing. The results of Personal Capital are included in the Financial Services business unit of Lifeco's U.S. segment since the date of acquisition.

  Lifeco expects to incur integration expenses of US$57 million pre-tax, of which US$3 million were incurred to date (US$2 million post-tax), with the integration of Personal Capital expected to be completed in the first quarter of 2022. During the twelve months ended December 31, 2020, Lifeco incurred transaction expenses of US$22 million pre-tax (US$20 million post-tax) related to the Personal Capital acquisition.

  During the third quarter of 2020, IGM recognized the sale of its equity interest in Personal Capital for proceeds of $233 million (US$176 million) and up to an additional US$25 million in consideration subject to Personal Capital achieving certain target growth objectives. The investment in Personal Capital had been classified as an associate by the Corporation and recorded using the equity method. As a result of this transaction, the Corporation, through Lifeco, acquired control of Personal Capital which led to the recognition of a gain, as a result of the investment in Personal Capital being measured at fair value on the date control was attained, of $37 million.
- **Northleaf Capital Group Ltd. (Northleaf):** On October 29, 2020, Mackenzie, a subsidiary of IGM, and Lifeco entered into a strategic relationship with Northleaf to expand and enhance private markets product capabilities across distribution channels. Mackenzie and Lifeco jointly acquired a non-controlling interest in Northleaf through an acquisition vehicle 80% owned by Mackenzie and 20% owned by Lifeco, providing a significant presence in the large and rapidly growing private markets investment industry. The acquisition vehicle owned by Mackenzie and Lifeco acquired a 49.9% non-controlling voting interest and a 70% economic interest in Northleaf for cash consideration of $241 million and up to an additional $245 million in consideration at the end of five years, subject to the business achieving exceptional growth in certain performance measures over the period. Mackenzie and Lifeco have an obligation and right to purchase the remaining economic and voting interest in Northleaf commencing in approximately five years and extending into future periods. Lifeco and IGM together have committed, as part of the transaction, to make a minimum investment through 2022 in Northleaf's product offerings.

  Northleaf is a global private equity, private credit and infrastructure fund manager, headquartered in Toronto, with more than 150 employees across seven offices in Canada, the U.S., U.K. and Australia. Northleaf's assets under management, including invested capital and uninvested commitments, were $14.6 billion at December 31, 2020.

  IGM has determined that the acquisition vehicle has significant influence over Northleaf, and has classified its investment in Northleaf as an associate using the equity method.
- **GLC Asset Management Group Ltd. (GLC) and Quadrus Group of Funds (QGOF):** On December 31, 2020, Mackenzie acquired all of the common shares of GLC, a wholly owned subsidiary of Lifeco, for cash consideration of $185 million. GLC's principal activity was the provision of investment management services to Canada Life. GLC has $37 billion in assets under management and a 50-year history of providing investment advisory services to a range of mutual funds, and individual and group segregated funds offered by and through Canada Life.

  Lifeco recognized a net gain on disposal of $143 million, net of restructuring costs of $16 million after tax in the fourth quarter. The Corporation currently consolidates GLC and therefore the transaction has no impact on the consolidated statements of earnings and balance sheets.

  In a separate transaction, Canada Life acquired the fund management contracts relating to the private label Quadrus Group of Funds (QGOF) from Mackenzie for total cash consideration of $30 million. Mackenzie was previously the manager and trustee of the QGOF. Subsequent to the sale, Mackenzie continues to provide investment and administration services to the QGOF. IGM recognized a gain on the sale of the QGOF, net of acquisition costs, of $21 million after tax ($25 million pre-tax) in the fourth quarter of 2020. The Corporation eliminated this gain on consolidation and therefore the transaction has no impact on the consolidated statements of earnings and balance sheets.

Benefits of the deal to Mackenzie include the net addition of $30.1 billion in assets under management, resulting in Mackenzie becoming one of Canada's largest asset managers. It also expands Mackenzie's distribution reach to the fast-growing group retirement business channel and establishes Mackenzie as one of the top three providers in Canada of investment solutions to defined contribution plans and other group retirement offerings.

The transaction provides Lifeco with access to greater scale and more investment capabilities. Lifeco also established its own mutual fund manager, Canada Life Investment Management Ltd. (CLIML) and, on December 31, 2020, CLIML assumed fund management responsibilities for the Canada Life Mutual Funds offered by Quadrus Investment Services Ltd., a subsidiary of Canada Life, and other Canada Life branded investment funds offered in Canada. CLIML entered into a long-term administration agreement with Mackenzie and Canada Life, and CLIML and Canada Life entered into a long-term distribution agreement with Mackenzie to provide them with access to Mackenzie's investment management services at preferred rates.

- **Retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual):** On December 31, 2020, Empower Retirement acquired the retirement services business of MassMutual, via indemnity reinsurance, strengthening Empower Retirement's position as the second largest player in the U.S. retirement market. Concurrent to the acquisition of the MassMutual retirement services business, Empower Retirement is serving as recordkeeper for MassMutual's defined contribution plan. Lifeco paid a ceding commission of US$2.3 billion, net of working capital adjustments, to MassMutual, and funded the transaction with existing cash, short-term debt and US$1.5 billion in long-term debt issued on September 17, 2020.

  This transaction increases the synergy potential of Empower Retirement's acquisition of Personal Capital across a larger combined business. In addition, Empower Retirement and MassMutual intend to enter into a strategic partnership through which digital insurance products offered by Haven Life Insurance Agency, LLC and MassMutual's voluntary insurance and lifetime income products will be made available to customers of Empower Retirement and Personal Capital.

  Lifeco anticipates realizing cost synergies through the migration of MassMutual's retirement services business onto Empower Retirement's record-keeping platform. Run-rate cost synergies are expected to be US$160 million pre-tax at the end of integration in 2022. Lifeco expects revenue synergies in 2022 to be US$30 million pre-tax and continue to grow beyond 2022. Lifeco expects to incur integration and restructuring expenses of US$125 million pre-tax, of which US$29 million pre-tax (US$23 million post-tax) were recognized in the fourth quarter of 2020. Lifeco incurred transaction expenses of US$46 million pre-tax (US$36 million post-tax) in the fourth quarter of 2020 (US$51 million pre-tax (US$40 million post-tax) for the twelve months ended December 31, 2020) related to the MassMutual transaction. Lifeco expects the integration to be completed within 18 months following closing.

- **Simplification of Current Holding Structure of Groupe Bruxelles Lambert:** On March 11, 2020, Parjointco and Pargesa announced an agreement for a transaction that would simplify the group structure. A public exchange offer was initiated by Parjointco for all Pargesa shares not already owned by Parjointco, under which Pargesa shareholders received 0.93 shares of GBL for each Pargesa bearer share they held. Following the transaction, Pargesa was delisted from the SIX.

  At the completion of the transaction, Parjointco maintained approximately the same economic equity interest in GBL of 28%. GBL shareholders approved the implementation of double-voting rights, a condition of the transaction, at GBL's extraordinary shareholders meeting held on April 28, 2020; as a result, Parjointco retained de facto control of GBL. On June 12, 2020, following the end of the initial acceptance period, Parjointco had received shareholder acceptances which, together with Parjointco's existing interest, represented 94% of Pargesa's total voting rights. An additional acceptance period ended on June 26, 2020, resulting in Parjointco's interest in Pargesa increasing, upon settlement of the offer in July 2020, to 97.4% (98.5% of the voting rights).

  Following the successful public exchange offer of Parjointco, on July 30, 2020, the board of directors of Pargesa approved the merger between Pargesa and Parjointco Switzerland SA, a wholly owned subsidiary of Parjointco. As part of the merger, the remaining shareholders of Pargesa were provided compensation of a value substantially equivalent to the exchange ratio offered by Parjointco during the exchange offer, on terms and conditions described in the merger agreement. The merger was approved by Pargesa's shareholders at an extraordinary general meeting held on September 4, 2020 and was completed on November 20, 2020. The reorganization of Pargesa further simplifies the corporate structure of the Power group of companies as part of the ongoing strategy of value creation.

Strategic Highlights at the Alternative Asset Investment Platforms and Other Investments

Sagard Holdings

- **Wealthsimple financing round:** On October 14, 2020, Wealthsimple announced the closing of a $114 million investment on a pre-money valuation of $1.4 billion. The investment was led by TCV, one of the largest growth equity investors focused on technology, along with Greylock Partners, Meritech Capital, Allianz X and Two Sigma Ventures. As a result of the investment, these investors acquired an ownership interest of 7.5% on a fully diluted basis.

  In the third quarter, the fair value increase in Wealthsimple resulted in a charge related to the remeasurement of the put right liability of certain of the non-controlling interests in Wealthsimple to fair value and carried interest payable; the Corporation's share of this charge was $69 million, of which $36 million was reflected in Lifeco and IGM's contribution to adjusted net earnings based on their respective interests. The Corporation indirectly holds a controlling interest in Wealthsimple and consolidates its results. On completion of the transaction, the Corporation recorded a dilution gain of $77 million, recognized in equity in the fourth quarter.

- **Koho financing round:** At December 31, 2020, Portag3 I and Portag3 II, Power Financial, Lifeco and IGM, through a limited partnership controlled by Power Financial (the Group), held a 48.7% equity interest in Koho (54.4% at December 31, 2019). Koho is a Canada-based digital platform offering a suite of financial services to provide consumers an experience that is an alternative to traditional banks. At December 31, 2020, the cost of the Group's investment in Koho was $47 million ($32 million at December 31, 2019).

On December 1, 2020, Koho closed a financing round of $50 million of new capital led by Drive Capital. Portag3 II participated in the round and invested a further $12 million. The indirect equity interest held by the Corporation decreased from 54.4% to 48.7% on December 1, 2020. Contemporaneously, the shareholders agreement was amended, and the Corporation determined that it no longer controls Koho. Subsequent to the close of the financing round, the Corporation has significant influence over Koho and will account for its investment as an associate. As a result, the Corporation has derecognized the assets and liabilities of Koho in its financial statements and has recognized a gain of $90 million in the fourth quarter, which is included in net investment income in the statement of earnings. The Corporation's share of this gain is $71 million, gross of related carried interest, of which $40 million was reflected in Lifeco and IGM's contribution to adjusted net earnings based on their respective interests.

Power Sustainable

- **Power Sustainable announced the creation of the Power Sustainable Energy Infrastructure Partnership:** Subsequent to year-end, in January 2021, Power Sustainable announced the launch of an investment platform with an initial $1 billion of committed capital dedicated to the renewable energy sector, including a commitment of $400 million from Power Sustainable and $150 million from Lifeco. Through Potentia Renewables and Nautilus Solar Energy, wholly owned subsidiaries of Power Sustainable and leading integrated owner-operators of high-quality renewable energy assets, the Partnership will invest in the development, construction, financing and operation of renewable energy assets across North America.
- **Lion Electric announced a merger agreement with Northern Genesis Acquisition Corp.:** On November 30, 2020, Lion, an innovative manufacturer of zero-emission vehicles in which Power Sustainable held an indirect equity interest of 44.1%, announced that it intends to combine with Northern Genesis Acquisition Corp. (Northern Genesis). Northern Genesis is a publicly traded special-purpose acquisition company focused on a commitment to sustainability and strong alignment with environmental, social and governance principles. Upon closing of the proposed transaction, a wholly owned subsidiary of Lion will merge with Northern Genesis, and as a result Lion is expected to be listed on the TSX and the New York Stock Exchange. The proposed transaction also includes a US$200 million committed private placement of common shares of Lion, through which Power Sustainable is expected to invest an additional US$17 million (approximately C$22 million).

  Power Sustainable also holds call rights to acquire additional shares from certain existing shareholders of Lion. The fair value of the call rights was estimated at $102 million at December 31, 2020 (nil at December 31, 2019) and the change in fair value was recorded in net investment income on the consolidated statement of earnings.

  At completion of the proposed transaction, Power Sustainable is expected to hold an equity interest in Lion of approximately 34.6% based on the subscription price, assuming the exercise of certain of its call rights and no redemptions from Northern Genesis public stockholders. The effect of the change in ownership is expected to result in a gain which will be recorded in earnings at the close of the transaction.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize economic conditions. Equity markets in particular have been volatile, experiencing material and rapid declines in the first quarter of 2020; however, during the remainder of 2020, the markets have experienced recoveries.

Refer to the section "Risk Management" in this review of financial performance for a summary of how the Corporation is managing the risks related to COVID-19 and to the section "Summary of Critical Accounting Estimates and Judgments" in this review of financial performance and to Note 2 of the 2020 Consolidated Financial Statements for additional disclosure of the impact on the Corporation's significant judgments, estimates and assumptions. For a further discussion of the potential consequences related to COVID-19 as well as a further discussion on risk management, measurement uncertainty and the potential exposures at Lifeco and IGM, refer to their annual MD&As.

PUBLICLY TRADED OPERATING COMPANIES

The Corporation holds controlling interests, through Power Financial, in Lifeco and IGM. It also has significant holdings in a portfolio of European based global companies through its investment in GBL.

Lifeco

Great-West Lifeco Inc. (TSX: GWO), market capitalization of $28.2 billion at December 31, 2020, is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco operates in Canada, the United States and Europe under the brands Canada Life, Empower Retirement, Putnam Investments and Irish Life. For reporting purposes, Lifeco has five reportable segments: Canada, the United States, Europe, Capital and Risk Solutions, and Corporate, which reflect geographic lines as well as the management and corporate structure of the companies. Effective January 1, 2020, as a result of strategic operational changes, Lifeco divided its previously reported Europe segment into two separate reporting segments – Europe, and Capital and Risk Solutions.

In Canada, through the Individual Customer and Group Customer business units, Lifeco offers a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations, including life, disability and critical illness insurance products as well as wealth savings and income and other speciality products. In 2019, Lifeco's three Canadian life insurance companies, The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company, moved to one brand in Canada: Canada Life. Canada Life has become the brand under which the organization creates, delivers and communicates products and services in Canada across all of its lines of business. On January 1, 2020, Great-West Life, London Life and Canada Life, and their holding companies, Canada Life Financial Corporation and London Insurance Group Inc., amalgamated into a single life insurance company: The Canada Life Assurance Company. This amalgamation creates operating efficiencies and simplifies Lifeco's capital structure to allow for more efficient use of capital, although it is not expected by Lifeco to have a material financial impact.

The United States segment operates two primary business units, Financial Services and Asset Management. Empower Retirement, the Financial Services unit, is a leading provider of employer-sponsored retirement savings plans in the public/non-profit and corporate sectors that offers employer-sponsored defined contribution plans, administrative and record-keeping services, individual retirement accounts, fund management as well as investment and advisory services. Personal Capital Corporation, acquired in 2020, is a hybrid wealth manager that combines a leading-edge digital experience with personalized advice. Its products and services are marketed nationwide through its sales force, brokers, consultants, advisors, third-party administrators and financial institutions. Financial Services also includes a retained block of life insurance, predominately participating policies, which are administered by Protective Life Insurance Company (Protective Life), as well as a closed retrocession block of life insurance. The Asset Management unit, Putnam, provides investment management, certain administrative functions, and distribution services through a broad range of investment products, including the Putnam funds, its own family of mutual funds which are offered to individual and institutional investors. PanAgora, a Putnam affiliate, offers a broad range of investment solutions using sophisticated quantitative techniques.

The Reinsured Insurance & Annuity Business unit of the U.S. segment reflects substantially all of the individual life insurance and annuity business sold, through indemnity reinsurance, to Protective Life effective June 1, 2019. These products include life insurance, annuity and executive benefits, which are no longer offered by the U.S. segment.

The Europe segment comprises three distinct business units: United Kingdom, Ireland and Germany. The U.K. business unit offers bulk and individual payout annuities, equity-release mortgages, investments (including life bonds, retirement drawdown and pension), individual protection and group insurance. The Ireland business unit offers savings and investments, individual and group life insurance, health insurance and pension products. The German business unit offers pension, lifetime guaranteed minimum withdrawal benefit and individual protection products. The U.K. and German units operate under the Canada Life brand and the Irish unit operates under the Irish Life brand.

The Capital and Risk Solutions segment includes the operating results of the reinsurance business unit which operates primarily in the U.S., Barbados, Bermuda and Ireland.

At December 31, 2020, Power Financial and IGM held interests of 66.8% and 4.0%, respectively, in Lifeco's common shares, representing approximately 65% of the voting rights attached to all outstanding Lifeco voting shares. The *Insurance Companies Act* limits voting rights in life insurance companies to 65%.

For additional information on Lifeco, refer to its annual MD&A.

IGM Financial

IGM Financial Inc. (TSX: IGM), market capitalization of $8.2 billion at December 31, 2020, is a leading wealth and asset management company supporting financial advisors and the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. IGM's principal operating subsidiaries are wealth manager IG Wealth Management and asset manager Mackenzie Investments. In the third quarter of 2020, IGM realigned its reportable segments to better characterize IGM's business lines and improve transparency into the key drivers of IGM's business. IGM now has three reportable segments: Wealth Management, Asset Management and Strategic Investments and Other.

The Wealth Management segment reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households and represents the activities of IG Wealth Management and Investment Planning Counsel (IPC). These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. The Wealth Management segment provides a comprehensive planning approach through IG Wealth Management consultants and IPC advisors by offering a broad range of financial products and services including a broad selection of mutual funds, managed portfolios, advisory accounts and unique portfolio management programs as well as insurance products and mortgage and banking solutions. IG Wealth Management distinguishes itself from its competition by offering comprehensive planning to its clients within the context of long-term relationships. Investment Planning Counsel is an independent distributor of financial products, services and advice in Canada.

The Asset Management segment reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third-party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors. Mackenzie Investments is a diversified asset management solutions provider and offers a wide range of investment mandates through a boutique structure and uses multiple distribution channels. Mackenzie seeks to be Canada's preferred global asset management solutions provider and business partner.

The Strategic Investments and Other segment primarily represents the key strategic investments made by IGM, including China AMC (refer to the section "China AMC"), Lifeco, Northleaf, Wealthsimple, and the Portag3 Ventures funds (refer to the section "Alternative Asset Investment Platforms"), as well as unallocated capital.

At December 31, 2020, Power Financial and Canada Life, a subsidiary of Lifeco, held interests of 62.1% and 3.9%, respectively, in IGM's common shares.

For additional information on IGM, refer to its annual MD&A.

GBL

Power Financial Europe SA, a wholly owned subsidiary of Power Financial, and the Frère Group each hold a 50% interest in Parjointco. Parjointco holds a controlling interest in GBL, a Belgian holding company listed on the Brussels Stock Exchange.

Parjointco's interest in Parjointco Switzerland (formerly Pargesa), increased from 55.5% (75.4% of the voting rights) at December 31, 2019 to 100% (100% of the voting rights) at December 31, 2020. In turn, Parjointco Switzerland's interest in GBL decreased from 50.0% at December 31, 2019 to 28.2% (43.2% of the voting rights) at December 31, 2020.

GBL, EBR: GBLB; market capitalization of €13.3 billion, is one of the largest listed holding companies in Europe. A holding company, focused on long-term value creation, GBL relies on a stable and supportive family shareholder base. Its portfolio is comprised of global industrial and services companies, leaders in their markets, in which GBL plays its role of professional shareholder.

At December 31, 2020, GBL's portfolio was mainly comprised of investments in the following:

PUBLICLY LISTED

- Imerys (EPA: NK) – mineral-based specialty solutions for industry
- SGS (SIX: SGSN) – testing, inspection and certification
- adidas (XETR: ADS) – design and distribution of sportswear
- Pernod Ricard (EPA: RI) – wines and spirits
- LafargeHolcim (SIX: HOLN and EPA: LHN) – cement, aggregates and concrete
- Umicore (EBR: UMI) – materials technology and recycling of precious metals
- GEA (XETR: G1A) – supplier of equipment and project management for a wide range of processing industries primarily in the food and beverage sectors
- Ontex (EBR: ONTEX) – disposable hygiene products
- MOWI (OSE: MOWI) – producer of Atlantic salmon

PRIVATELY HELD

- Webhelp – provider of customer experience and business process outsourcing
- Parques – operation of regional leisure parks

In addition, through its subsidiary Sienna Capital, GBL is developing a portfolio of private equity, debt and thematic funds.

During the second quarter of 2019, GBL sold substantially all of its 0.6% interest in Total through forward sales contracts maturing in January 2020. GBL realized a gain of €411 million in the first quarter of 2020.

On December 15, 2020, GBL announced that it had entered into a definitive agreement to acquire a majority stake in Canyon Bicycles GmbH (Canyon). Canyon is a leading and fast-growing German manufacturer of premium conventional and electric bikes with global reach and a leader in direct-to-consumer distribution. Subsequent to year-end, on March 9, 2021, GBL closed the acquisition and invested €0.4 billion. GBL controls the acquisition vehicle, holding 60% of its capital at the closing of the acquisition.

During the first quarter of 2021 through March 10, 2021, GBL entered into forward sales maturing on March 26, 2021 and related to a fraction of its holding in LafargeHolcim, representing 0.98% of the capital (6 million shares) for a net amount of €285 million. These sales will generate a capital gain of €62 million. GBL's holding will decrease from 7.57% of LafargeHolcim's capital at the end of 2020 to 6.6% as a result of these disposals.

GBL's net asset value at December 31, 2020 was €20,498 million, compared with €20,349 million at December 31, 2019.

For additional information on GBL, refer to its public disclosure.

ALTERNATIVE ASSET INVESTMENT PLATFORMS

Since the launch of the first Sagard fund in 2002, Power Corporation has continued to develop alternative asset investment platforms (investment platforms) that manage portfolios on behalf of the Corporation and third-party investors in several alternative asset classes in three principal geographies: Europe, North America, and China. The investment platforms Sagard Holdings and Power Sustainable are managed locally by experienced investment professionals who have an in-depth knowledge of the local public and/or private markets and benefit from collaboration within the Power group of companies. Power Corporation's investment platforms seek to generate attractive returns for their investors by: (i) attracting experienced investment teams to execute on investment strategies where the investment platforms' ecosystem gives them a competitive advantage; (ii) leveraging the global network created over decades by the Power group to drive the commercial success of their investment strategies and underlying investments; and (iii) providing flexible capital solutions to solve a range of business and financing needs.

The investment platforms comprise asset management and investing activities. Earnings from asset management activities include income earned from management fees and carried interest, net of investment platform expenses. Earnings from investing activities comprise income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms.

Assets under management of the investment platforms include:

- Net asset value of the investment funds managed, including unfunded capital commitments;
- Assets managed on behalf of clients by asset managers controlled within the investment platforms;
- Fair value of equity interests in standalone businesses; and
- Cash and other assets held by the manager.

Sagard Holdings

Sagard Holdings, a wholly owned subsidiary of the Corporation, was founded in 2005 as a complement to the Corporation's global investment activities. Today, Sagard Holdings is a multi-strategy alternative asset manager with professionals principally located in Canada, the U.S. and Europe. Sagard Holdings looks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard Holdings develops long-term partnerships and empowers the growth of its investments through a unique global network of portfolio companies, limited partners, advisors and other valued relationships.

The operations of Sagard Holdings are comprised of asset management and investing activities.

Asset Management Activities

Sagard Holdings has US$6.1 billion of assets under management, including unfunded commitments, of which US$181 million relates to equity interests in standalone businesses (see section "Standalone businesses" below), across four asset classes: private credit, healthcare royalties, venture capital and private equity, including US$0.7 billion through its wealth management business.

The following table summarizes the funds managed by Sagard Holdings and the Corporation's interests in each of the funds:

			Interest held		Commitment				Manager compensation	
December 31, 2020 [in millions; except as otherwise noted]	Vintage year	Total capital commitment	Power Corporation	Third parties & associated companies[1]	Total funded	Unfunded	Distributions to date[2]	Net asset value of the fund[3]	Base fees[4]	Base carried interest
		$	%	%	$	%	$	$	%	%
Private Credit (in US$)										
Sagard Credit Partners	2017	557	18.0	82.0	300	46.1	96	377	1.50	15.0
Sagard Credit Partners II[5]	2020	650	7.7	92.3	–	100.0	–	–	1.50	20.0
Healthcare Royalties (in US$)										
Sagard Healthcare Royalty Partners	2019	563	13.3	86.7	61	89.2	–	51	1.75	20.0
Venture Capital (in C$)										
Portag3 Ventures I LP[6][7]	2016	396	37.8	62.2	396	–	17	1,042	2.00	10.0
Portag3 Ventures II LP[6]	2018	427	12.4	87.6	189	55.8	–	323	2.00	20.0
Private Equity (in €)										
Sagard Europe II	2006	748	22.0	78.0	721	3.7	991	129	1.75	20.0
Sagard Europe 3	2013	808	37.3	62.7	646	20.0	250	899	2.00	20.0
Sagard Europe 4[5]	2020	395	38.2	61.8	112	71.8	–	106	1.75	20.0
Sagard NewGen[5]	2020	111	54.4	45.6	12	88.9	–	10	2.00	20.0

[1] Third parties and associated companies includes commitments from management as well as commitments of Lifeco (US$50 million in Sagard Credit Partners II and $33 million in Portag3 II), IGM ($33 million in Portag3 II), Pargesa (€37 million in Sagard Europe II), and GBL (€113 million in Sagard Europe II, €218 million in Sagard Europe 3, €149 million in Sagard Europe 4 and €50 million in Sagard NewGen). Lifeco and IGM have invested $23 million and $223 million, respectively, in Portag3 I.

[2] Excludes distributions which have been recalled by the fund for reinvestment, as well as distributions made by the fund due to rebalancing from increases in fund size.

[3] Controlled and consolidated investments held through investment funds are presented at fair value.

[4] Management fees are based on committed or invested capital.

[5] Sagard Credit Partners II, Sagard Europe 4 and Sagard NewGen will continue fundraising activities in 2021.

[6] Includes an interest in Portag3 I and Portag3 II, of 37.8% and 7.7%, respectively, held through Power Financial.

[7] Includes investments held by Portag3 I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple and Koho.

PRIVATE CREDIT

- Sagard Credit Partners manages US$1,283 million of assets, including unfunded commitments.
- Sagard Credit Partners LP, a fund launched in 2017, provides credit capital directly to public and private middle-market companies across the U.S. and Canada. Sagard Holdings has committed US$100 million, of which it has funded US$54 million at December 31, 2020. Sagard Credit Partners LP held investments of $463 million (US$363 million) at December 31, 2020.

  In March 2021, a public company to which the fund has extended a loan, filed for creditor protection under the Companies' Creditors Arrangement Act and Chapter 15 of the bankruptcy code in the United States. The filings are the result of unprecedented weather events in the state of Texas and corresponding charges from the Electric Reliability Council of Texas. The fund's exposure to this counterparty at December 31, 2020 was US$93 million. Sagard Credit Partners continues to closely monitor this company.
- In October 2020, Sagard Holdings launched Sagard Credit Partners II, LP, its second credit fund, which will invest in private credit, primarily in secured loans in what the fund's investment manager believes to be the underserved non-sponsor-backed middle market in Canada and the U.S. During the fourth quarter, Sagard Holdings announced that it had completed the first closing of Sagard Credit Partners II, with commitments totalling US$650 million, of which Sagard Holdings has committed US$50 million. Sagard Credit Partners will continue fundraising activities through 2021.

HEALTHCARE ROYALTIES

- Sagard Healthcare Royalty Partners (SHRP) manages US$553 million of assets, including unfunded commitments. Sagard Holdings has committed US$75 million, of which it has funded a net amount of US$8 million at December 31, 2020. Sagard Healthcare Royalty Partners LP (SHRP LP), a fund launched in 2019, invests in the life sciences sector with a focus on investments protected by strong intellectual property. SHRP LP invests in various structures including traditional healthcare royalties, royalty securitizations and royalty-related credit.

  SHRP LP held investments of $72 million (US$56 million) at December 31, 2020.

  Subsequent to year-end, on February 18, 2021, Sagard Holdings announced the final closing of SHRP with total commitments of US$725 million.

VENTURE CAPITAL (FINTECH INVESTMENTS)

- Portag3 Ventures, the venture capital arm of Sagard Holdings, manages US$1,239 million (C$1,578 million) of assets, including unfunded commitments and an investment in Wealthsimple, a consolidated subsidiary. The Corporation, through investments held by Power Financial, together with Lifeco and IGM, are anchor investors in the Portag3 I and Portag3 II funds. Portag3 Ventures is a global fintech investor focused on identifying visionary entrepreneurs building the next generation of financial service companies. Its global focus enables the leveraging of common knowledge from one region to another. Through its funds, Portag3 I and Portag3 II, Portag3 Ventures has invested in more than 50 fintech companies and investment funds.
- Portag3 I held investments of $101 million at December 31, 2020 ($64 million at December 31, 2019), excluding the investment in Wealthsimple, a consolidated subsidiary discussed below (Wealthsimple and Koho were excluded at December 31, 2019). During the second quarter of 2020, Portag3 I distributed $12 million to its investors.
- Portag3 II has total capital commitments of $427 million, of which Sagard Holdings has committed $20 million and Power Financial, Lifeco and IGM have each committed $33 million for a total of $119 million. At December 31, 2020, the fair value and cost of Portag3 II's investment portfolio were $369 million ($143 million at December 31, 2019, excluding the investment in the consolidated subsidiary Koho), and $210 million ($110 million at December 31, 2019), respectively.

PRIVATE EQUITY

- Sagard Holdings, through its wholly owned subsidiary Sagard SAS, a French management company headquartered in Paris, manages US$2.1 billion (€1.7 billion) of assets, including unfunded commitments. Sagard SAS manages investment funds dedicated to investing in mid-sized and small-cap private companies based in Europe. Sagard SAS currently has four private equity funds including Sagard Europe II, Sagard Europe 3, Sagard Europe 4 and Sagard NewGen.

  During 2020, Sagard SAS launched a new fund, Sagard Europe 4. In the fourth quarter of 2020, Sagard SAS completed an additional closing, increasing the capital commitments of Sagard Europe 4 by €93 million to a total committed capital of €395 million. The Corporation has committed an amount of €150 million, which may be increased to €200 million under certain circumstances, to Sagard Europe 4.

  In the second quarter of 2020, the Corporation committed an amount of €60 million to Sagard NewGen, a new fund launched by Sagard SAS. Sagard NewGen, a European small cap fund focused on the healthcare and technology sectors, will invest in majority and minority holdings with deal sizes typically between €10 million and €50 million. Sagard NewGen will seek to invest in companies aiming to become leaders in their market that share a commitment to innovation and sustainability.

  Sagard SAS will continue fundraising in 2021 for Sagard Europe 4 and Sagard NewGen.
- In January 2021, Sagard Holdings announced the launch of its Canadian Private Equity platform, a strategy which will focus on the middle-market in Canada. Sagard expects external fundraising efforts to begin in the second half of 2021.

WEALTH MANAGEMENT

- On October 6, 2020, Sagard Holdings announced the acquisition of a 50.8% controlling interest in Grayhawk Investment Strategies Inc. (Grayhawk). Grayhawk, a registered portfolio manager, investment manager and exempt market dealer, manages $0.9 billion in assets for high-net worth (HNW) Canadian families.

Investing Activities

The Corporation holds the following investments in funds, including the investments held through Power Financial, which are managed by Sagard Holdings:

Asset class	Private Credit	Healthcare Royalties	Venture Capital		Private Equity			
December 31, 2020 [in millions of Canadian dollars]	Sagard Credit Partners LP	Sagard Healthcare Royalty Partners LP	Portag3 I LP[1]	Portag3 II LP	Sagard Europe II	Sagard Europe 3	Sagard Europe 4	Sagard NewGen
Investments to date[2]	124	50	150	33	221	518	130	10
Share of distributions to date[2]	53	41	11	10	289	310	66	–
Fair value of the investment at December 31, 2020	88	9	389	45	34	493	68	9

[1] Includes investment in controlled and consolidated subsidiary, Wealthsimple, at fair value.

[2] Includes distributions which have been recalled by the fund and distributions due to rebalancing.

Fintech Investments

Fintech investments are comprised of investments, primarily held though Power Financial, in the Portag3 I and Portag3 II funds and Wealthsimple.

WEALTHSIMPLE

At December 31, 2020, Portag3 I, Power Financial and IGM held, through a limited partnership controlled by Power Financial, an undiluted equity interest in Wealthsimple of 74.9% (84.9% at December 31, 2019), representing a voting interest of 75.9% and a fully diluted equity interest of 61.7%. Wealthsimple is one of Canada's leading financial technology companies, and operates one of the country's largest and fastest-growing digital investing platforms.

Wealthsimple continues to scale its presence in the marketplace and expand its suite of investment and savings products, which include Wealthsimple Cash, Wealthsimple Invest, Wealthsimple Save, Wealthsimple Trade, Wealthsimple Crypto and Wealthsimple for Work (W4W). At December 31, 2020, Wealthsimple had over 500,000 clients, excluding tax clients, across the Canadian, United States and United Kingdom markets with assets under administration of over $9.7 billion, compared with $5.0 billion (excluding the assets under administration of Wealthsimple for Advisors) at December 31, 2019, representing a year-over-year growth of 94%.

On September 14, 2020, Wealthsimple completed the sale of Wealthsimple for Advisors to Purpose Advisor Solutions.

On March 4, 2021, Wealthsimple announced that it has sold its U.S. book of business, and expects to transfer all of its U.S.-based customer accounts in mid-2021. This disposal supports Wealthsimple's strategy to focus on the Canadian market.

At December 31, 2020, the cost of the Group's investment in Wealthsimple was $315 million (same as at December 31, 2019).

Power Sustainable

Power Sustainable is a global multi-platform alternative asset manager with a long-term investment approach focused on sustainable strategies. It has offices in Montréal, Toronto, Shanghai, Beijing and New Jersey. Power Sustainable is comprised of two platforms: the Pacific platform invests in the China equity markets, seeking high-quality, sustainable business models with a fundamentals-based, research-driven investment process; and the Energy Infrastructure platform invests in the development, construction and operations of renewable energy infrastructure assets in North America.

Power Pacific

Power Pacific (formerly Sagard China) invests in the mainland China A-shares (A shares) market through a Qualified Foreign Institutional Investor (QFII) licence as well as through the Hong Kong Stock Connect program. Power Pacific has a long-term, fundamentals-based investment philosophy, and benefits from ongoing growth across multiple attractive sectors in China.

Since its inception in 2005, the Corporation has invested $336 million in Power Pacific and has received distributions of $177 million, including distributions of $57 million in 2020. At December 31, 2020, the fair value of the Corporation's investment in Power Pacific, including cash and other, was $1,142 million (includes unrealized gains of $402 million), compared with $739 million at December 31, 2019.

December 31	2020	2019
Investment in A shares	1,025	731
Cash and other	117	8
Total portfolio, at fair value	1,142	739

Power Energy

Power Energy actively manages investments in the renewable energy sector with the goal of building and owning, over the long term, companies that can generate growing and stable cash flows. Power Energy invests in companies that benefit from the global energy transformation and currently has invested in companies that develop, own and operate solar and wind generating assets in North America:

- Potentia Renewables: Power Energy holds a 100% interest in Potentia, a renewable energy generation company, which is a fully integrated developer, owner and operator of solar and wind energy assets, active in North America and the Caribbean.
- Nautilus: Power Energy holds a 100% interest in Nautilus, a company headquartered in New Jersey, U.S. that acquires, develops, finances and manages distributed solar projects across community, municipal/utility-scale, commercial and industrial markets.

Total assets of the renewable energy infrastructure portfolio were $1,909 million at December 31, 2020. The portfolio has a combined 1,302 MW of solar and wind operating assets, which includes 330 MW of assets under construction, and 575 MW of assets in advanced development projects.

During 2020, Power Energy invested $128 million in the renewable energy infrastructure portfolio. At December 31, 2020, Power Energy had invested a total of $609 million in its portfolio. The fair value of the renewable energy infrastructure portfolio was $730 million at December 31, 2020.

SUBSEQUENT EVENT

In January 2021, Power Sustainable launched the Power Sustainable Energy Infrastructure Partnership, a partnership with initial committed capital of $1 billion dedicated to the renewable energy sector, including a commitment of $400 million from Power Sustainable and $150 million from Lifeco. At the closing, certain existing operating assets and projects under development from Potentia Renewables and Nautilus have been transferred to the partnership in exchange for consideration in cash and units of the Fund. In the future, Power Sustainable may transfer other projects currently under construction on their commercial operation date.

Standalone Businesses

The Corporation also has the following equity investments in standalone businesses which are managed to realize value over time:

Sagard Holdings

- Peak: Sagard Holdings holds a 42.6% equity interest and 50% of the voting rights in Peak. Peak designs and markets sports equipment and apparel for ice hockey, baseball, softball and lacrosse under iconic brands including Bauer and Easton. The Corporation's investment is accounted for using the equity method.

  On October 20, 2020, Easton Diamond Sports, LLC (Easton), a wholly owned subsidiary of Peak, and Rawlings Sporting Goods, Inc. (Rawlings), announced that they entered into a definitive agreement for Rawlings to acquire Easton. As part of the agreement the existing shareholders of Peak will continue to participate as minority owners in the combined organization. The transaction closed in the fourth quarter. Peak recognized a gain on disposition, the Corporation's share of this gain was US$15 million. Peak has determined that it has significant influence over the combined organization and will account for its interest as an associate using the equity method. This transaction is not expected to have a material impact on the Corporation's ongoing earnings.
- GP Strategies: Sagard Holdings holds a 21.2% equity interest in GP Strategies Corporation, a global performance improvement company offering sales and technical training, eLearning solutions, management consulting and engineering services. The Corporation accounts for its investment using the equity method.
- IntegraMed: Sagard Holdings held a 91.6% interest in IntegraMed, a private healthcare services company operating a network of fertility clinics in North America. On May 20, 2020, IntegraMed entered into restructuring proceedings and accordingly the Corporation no longer controls IntegraMed. Effective May 20, 2020, the Corporation has derecognized the assets and liabilities of IntegraMed resulting in a recovery on deconsolidation of $27 million (US$19 million) which has been included in Adjustments in the second quarter of 2020.

Power Sustainable

- Lumenpulse: Power Sustainable, through Power Energy, holds a controlling interest of 60.5% in Lumenpulse, an internationally recognized designer, developer, and manufacturer of a wide range of high-performance and sustainable specification-grade LED solutions for commercial, institutional, and urban environments.
- Lion Electric: Power Sustainable, through Power Energy, holds a 44.1% equity interest at December 31, 2020 in Lion Electric. An innovative manufacturer of zero-emission vehicles, Lion designs and manufactures all-electric school buses and midi/minibuses for special needs or urban transit as well as urban trucks. Lion positions itself as a leading original equipment manufacturer (OEM) in transportation electrification in North America. Refer to the section "2020 Highlights".

CHINA AMC

Founded in 1998 as one of the first fund management companies in China, China AMC has developed and maintained its position among the market leaders in China's asset management industry. China AMC's total assets under management, excluding subsidiary assets under management, were RMB¥1,461 billion (C$285 billion) at December 31, 2020.

The Corporation and IGM each hold interests of 13.9% in China AMC, representing a combined 27.8% interest. Together they have significant influence and account for their respective interests as an associate using the equity method.

The investment in China AMC leverages the group's global experience in wealth management and distribution. The Power group of companies benefits from the strategic relationship with China AMC which provides opportunities to work together, developing products and subadvisory relationships.

Basis of Presentation

IFRS FINANCIAL MEASURES AND PRESENTATION

The 2020 Consolidated Financial Statements of the Corporation have been prepared in accordance with IFRS and are presented in Canadian dollars.

Consolidated financial statements present, as a single economic entity, the assets, liabilities, revenues, expenses and cash flows of the parent company and its subsidiaries. The consolidated financial statements present the financial results of Power Corporation (parent) and its subsidiaries after the elimination of intercompany balances and transactions.

The financial statements of the Corporation include the consolidated results of Power Financial which include the results of Lifeco, IGM, Wealthsimple and the Portag3 funds, which are controlled by Power Financial.

Power Financial's investment in GBL is held through Parjointco. Parjointco is a holding company jointly controlled by Power Financial and the Frère Group, and is accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and adjusted thereafter for changes in the share of net earnings (loss), other comprehensive income (loss) and changes in equity. The investment is reduced by the amount of dividends received.

The investment platforms manage and operate alternative asset investment funds in which third-party investors, the Corporation and associated companies can participate. The Corporation controls a fund when it is exposed, or has rights, to variable returns from its involvement with the fund and has the ability to affect those returns through its power to direct the relevant activities of the fund.

The following table summarizes the accounting presentation for the Corporation's holdings:

Control	Accounting Method	Earnings and Other Comprehensive Income	Impairment Testing	Impairment Reversal
Controlling interest in the entity	Consolidation	Consolidated with non-controlling interests	Goodwill and indefinite life intangible assets are tested at least annually for impairment	Impairment of goodwill cannot be reversed Impairment of intangible assets is reversed if there is evidence of recovery of value
Significant influence or joint control	Equity method	Corporation's share of earnings and other comprehensive income	Entire investment is tested for impairment	Reversed if there is evidence the investment has recovered its value
Investment	Available for sale (AFS)	Earnings consist of dividends received and gains or losses on disposals The investments are marked to market through other comprehensive income Earnings are reduced by impairment charges, if any	Impairment testing is done at the individual investment level A significant or prolonged decline in the value of the investment results in an impairment charge A share price decrease subsequent to an impairment charge leads to a further impairment	A subsequent recovery of value does not result in a reversal

At December 31, 2020, the Corporation's holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
Publicly traded operating companies[1]			
Lifeco[2]	66.8	Controlling interest	Consolidation
IGM[3]	62.1	Controlling interest	Consolidation
GBL[4]	14.1	Joint control	Equity method
China AMC[5]	13.9	Significant influence	Equity method
Alternative asset investment platforms			
Sagard Holdings	100.0	Controlling interest	Consolidation
Wealthsimple[1][6]	18.7	Controlling interest	Consolidation
Portag3 I[1][7]	63.0	Controlling interest	Consolidation
Portag3 II[1][8]	12.4	Controlling interest	Consolidation
Sagard Credit Partners LP	18.0	Controlling interest	Consolidation
Sagard Healthcare Royalty	13.3	Controlling interest	Consolidation
Sagard Europe II	22.0	Investment	Available for sale
Sagard Europe 3	37.3	Investment	Available for sale
Sagard Europe 4	38.2	Controlling interest	Consolidation
Sagard NewGen	54.4	Controlling interest	Consolidation
Power Sustainable	100.0	Controlling interest	Consolidation
Power Pacific	100.0	Controlling interest	Consolidation
Investments	< 5.0	Investment	Available for sale
Power Energy	100.0	Controlling interest	Consolidation
Potentia	100.0	Controlling interest	Consolidation
Nautilus	100.0	Controlling interest	Consolidation
Standalone businesses			
Peak	42.6	Joint control	Equity method
Lumenpulse	60.5	Controlling interest	Consolidation
Lion	44.1	Significant influence	Equity method
GP Strategies	21.2	Significant influence	Equity method

[1] Investments held by the Corporation through Power Financial.

[2] IGM also holds a 4.0% interest in Lifeco.

[3] Canada Life also holds a 3.9% interest in IGM.

[4] Held through Parjointco, a jointly controlled corporation (50%). Parjointco holds a controlling interest in GBL.

[5] IGM, through Mackenzie, also holds an interest of 13.9% in China AMC.

[6] Portag3 I and IGM also hold interests of 14.8% and 41.4%, respectively, in Wealthsimple (see also the section "Wealthsimple").

[7] Lifeco and IGM also hold equal interests of 18.5% in Portag3 I.

[8] Power Financial holds a 7.7% interest and Sagard Holdings holds a 4.7% interest. Lifeco and IGM also hold equal interests of 7.7% in Portag3 II.

At December 31, 2020, Parjointco's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
GBL	28.2	Controlling interest	Consolidation
Publicly listed			
Imerys	54.6	Controlling interest	Consolidation
SGS	18.9	Investment	Available for sale
adidas	6.8	Investment	Available for sale
Pernod Ricard	7.6	Investment	Available for sale
LafargeHolcim	7.6	Investment	Available for sale
Umicore	18.0	Investment	Available for sale
GEA	8.5	Investment	Available for sale
Ontex	20.0	Investment	Available for sale
Mowi	5.8	Investment	Available for sale
Other investments	< 5.0	Investment	Available for sale
Privately held			
Sienna Capital[1]	100.0	Controlling interest	Consolidation
Webhelp	61.5	Controlling interest	Consolidation
Parques	23.0	Significant influence	Equity method

[1] Sienna Capital holds a portfolio of investments in alternative investment funds.

The following table summarizes the classification of the investments held by the controlled and consolidated funds managed by the investment platforms:

Investment Fund	Classification of Investments held by the fund	Measurement
Sagard Credit Partners	Loans and receivables	Amortized cost
Sagard Healthcare Royalty Partners	Fair value through profit and loss	Fair value
Portag3 Ventures I LP[1]	Available for sale	Fair value
Portag3 Ventures II LP	Fair value through profit and loss	Fair value
Sagard Europe 4	Fair value through profit and loss	Fair value
Sagard NewGen	Fair value through profit and loss	Fair value

[1] Excludes investment in Wealthsimple which is controlled and consolidated by the Corporation.

This basis of presentation should be read in conjunction with the following notes to the Corporation's 2020 Consolidated Financial Statements:

- Basis of presentation and summary of significant accounting policies (Note 2);
- Investments (Note 5);
- Investments in jointly controlled corporations and associates (Note 7);
- Goodwill and intangible assets (Note 10); and
- Non-controlling interests (Note 20).

NON-IFRS FINANCIAL MEASURES AND PRESENTATION

This review of financial performance presents and discusses financial measures which are not in accordance with IFRS. 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 readers in their analysis of the results of the Corporation. The non-IFRS financial measures used herein are defined as follows:

Non-IFRS financial measure	Definition	Purpose
Non-consolidated basis of presentation	Power Corporation's controlling interests, held through Power Financial, in Lifeco, IGM, Portag3 I, Portag3 II and Wealthsimple, as well as other subsidiaries consolidated by Power Corporation are accounted for using the equity method.	Used by the Corporation to present and analyze its results, financial position and cash flows. Presents the holding company's (parent) results separately from the results of its consolidated operating companies. As a holding company, management reviews and assesses the performance of each operating company's contribution to net earnings and adjusted net earnings. This presentation is useful to the reader to assess the impact of the contribution to earnings for each subsidiary.
Adjusted net earnings	Net earnings excluding Adjustments.	Assists in the comparison of the current period's results to those of previous periods as it reflects management's view of the operating performance of the Corporation and its subsidiaries and excludes items that are not considered to be part of the underlying business results.
Adjustments	After-tax impact of any item that in management's judgment, including those identified by management of its publicly traded operating companies, would make the period-over-period comparison of results from operations less meaningful. Includes the Corporation's share of Lifeco's impact of actuarial assumption changes and management actions, direct equity and interest rate market impacts on insurance contract liabilities net of hedging, as well as items that management believes are not indicative of the underlying business results which include those identified by a subsidiary or a jointly controlled corporation.	Identifies items that are not considered part of operating performance by management, including items identified by management of its publicly traded operating companies. The exclusion of these items assists management and the reader in assessing current results as these items are not reflective of underlying business results.
Adjusted net earnings per share	Earnings per share calculated using adjusted net earnings. Adjusted net earnings divided by the weighted average number of participating shares outstanding.	Assists in comparing adjusted net earnings on a per share basis.
Net asset value	Net asset value is the fair value of Power Corporation's non-consolidated assets less its net debt and preferred shares. The investments held in public entities (including Lifeco, IGM and GBL) are measured at their market value and investments in private entities and investment funds are measured at management's estimate of fair value.	Presents the fair value of the net assets of the holding company and is used to assist in assessing value. This measure may be used by investors and analysts in determining or comparing the fair value of investments held by the company or its overall fair value.
Net asset value per share	Net asset value calculated on a per share basis. Net asset value divided by the number of participating shares outstanding.	Assists the reader in comparing net asset value on a per share basis.

Effective the first quarter of 2020, the Corporation introduced a modified definition of its non-IFRS earnings measure, Adjusted net earnings. This change is consistent with the introduction of base earnings by Lifeco which was introduced in the first quarter of 2020 to reflect management's view of the operating performance of Lifeco. Lifeco defines base earnings (loss) as net earnings excluding the impact of actuarial assumption changes and management actions, direct equity and interest rate market impacts on insurance contract liabilities net of hedging, and items that management believes are not indicative of the company's underlying business results. The definition of Adjustments includes what the Corporation previously presented as other items and also includes Lifeco's impact of actuarial assumption changes and management actions, and direct equity and interest rate market impacts on insurance contract liabilities net of hedging. The definition of Adjustments used in Adjusted net earnings is being adopted to enhance comparability of results between reporting periods and in anticipation of Lifeco's implementation of accounting changes related to IFRS 17, *Insurance Contracts*, on January 1, 2023. The comparative periods have been restated to reflect the introduction of this modified measure.

These non-IFRS financial measures do not have a standard meaning and may not be comparable to similar measures used by other entities. Reconciliations of the net asset value and the non-IFRS basis of presentation with the presentation in accordance with IFRS are included throughout this review of financial performance.

RECONCILIATION OF IFRS AND NON-IFRS FINANCIAL MEASURES

The following tables present a reconciliation of net earnings reported in accordance with IFRS to non-IFRS financial measures: adjusted net earnings, adjustments and related per share amounts. Adjusted net earnings and adjusted net earnings per share are presented in the section "Non-Consolidated Statements of Earnings":

Twelve months ended December 31	2020	2019
Net earnings – IFRS financial measure [1]	1,994	1,108
Share of Adjustments [2], net of tax		
Lifeco	(76)	230
IGM	34	9
GBL [3]	6	37
Alternative and other investments	(27)	16
Corporate operations	8	(22)
Attributable to non-controlling interests of Power Financial	4	(103)
	(51)	167
Adjusted net earnings – Non-IFRS financial measure [1]	1,943	1,275

[1] Attributable to participating shareholders of Power Corporation.

[2] Refer to the section "Adjustments" for more detail on Adjustments from Lifeco, IGM, GBL, alternative and other investments and corporate operations.

[3] Previously reported by Pargesa.

Twelve months ended December 31	2020	2019
Net earnings per share – IFRS financial measure [1]	3.08	2.53
Share of Adjustments [2], net of tax		
Lifeco	(0.11)	0.34
IGM	0.05	0.02
GBL [3]	0.01	0.05
Alternative and other investments	(0.04)	0.04
Corporate operations	0.01	(0.06)
	(0.08)	0.39
Adjusted net earnings per share – Non-IFRS financial measure [1]	3.00	2.92

[1] Attributable to participating shareholders of Power Corporation.

[2] Refer to the section "Adjustments" for more detail on Adjustments from Lifeco, IGM, GBL, alternative and other investments and corporate operations. Share of Adjustments on a per share basis are presented net of amounts attributable to non-controlling interests of Power Financial.

[3] Previously reported by Pargesa.

Results of Power Corporation

This section presents:

- the "Consolidated Statements of Earnings in accordance with IFRS"; and
- the "Non-Consolidated Statements of Earnings", which present the contributions to Power Corporation of its operating subsidiaries (Lifeco and IGM) and GBL, which are held through Power Financial, and the contribution of the Corporation's alternative and other investments and China AMC to the net earnings and adjusted net earnings of Power Corporation.

Refer to the section "Non-IFRS Financial Measures and Presentation" for a description of the non-consolidated basis of presentation and a reconciliation of IFRS and non-IFRS financial measures.

CHANGE IN PRESENTATION (NON-CONSOLIDATED BASIS)

The Corporation announced a Reorganization and its strategy in early 2020. The Corporation has modified the presentation of the activities held through Power Financial. Previously, Power Financial's results including its corporate operations were presented separately by the Corporation. Subsequent to the Reorganization, the corporate operations of both the Corporation and Power Financial are being managed together and have been presented on a combined basis throughout the "Results of the Corporation" section. The investment activities of Power Financial are primarily interests held in fintech investments, all of which are managed by Sagard Holdings, and have been presented combined with the investing activities of Sagard Holdings, which represents the management and oversight structure. The comparatives in the non-consolidated earnings statements, non-consolidated balance sheets and non-consolidated statements of cash flows have been restated to reflect this change.

As well, in the second quarter of 2020, the Corporation modified the presentation of the asset management companies held by the investment platforms. Previously, the asset management activities were consolidated and included as corporate activities within the non-consolidated balance sheet of the Corporation. The activities of each asset management company are now presented within their operations. The comparatives in the non-consolidated balance sheets and non-consolidated statements of cash flows have been restated to reflect this change.

DEFERRAL OF IFRS 9, *FINANCIAL INSTRUMENTS* (IFRS 9)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17, *Insurance Contracts*, which will replace IFRS 4, *Insurance Contracts* and will be applied retrospectively. In June 2020, the IASB issued amendments to IFRS 17, which include an amendment to the effective date of the standard to January 1, 2023. In addition, the IASB extended to January 1, 2023 the exemption for insurers to apply the financial instruments standard, IFRS 9, *Financial Instruments*, keeping the alignment of the effective dates for IFRS 9 and IFRS 17.

IGM, a subsidiary, and GBL, held through Parjointco, a jointly controlled corporation, do not qualify for the exemption and adopted IFRS 9 on January 1, 2018. The Corporation, in accordance with the amendment of IFRS 4 to defer the adoption of IFRS 9, is permitted but not required to retain the accounting policies applied by an associate or a jointly controlled corporation which is accounted for using the equity method. The Corporation decided to continue applying accounting policies in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, to GBL's results. On consolidation, the Corporation has adjusted the results of both IGM and GBL to be in accordance with IAS 39. Refer to the specific discussion included in the IGM and GBL sections "Contribution to net earnings and adjusted net earnings".

CONSOLIDATED STATEMENTS OF EARNINGS IN ACCORDANCE WITH IFRS

Power Corporation's consolidated statements of earnings for the twelve months ended December 31, 2020 are presented below. The Corporation's reportable operating segments are Lifeco, IGM and GBL. This table reflects the contributions to the net earnings attributable to Power Corporation's participating shareholders from its reportable operating segments and the Corporation's alternative and other investments including its investment platforms, which include controlled and consolidated investment funds and investments and its investment in China AMC.

Consolidated net earnings

Twelve months ended December 31	Lifeco	IGM[1]	GBL[2]	Investment Platforms and Other[3]	Corporate[4]	Effect of consolidation[5]	Power Corporation Consolidated net 2020	Power Corporation Consolidated net 2019
REVENUES								
Total net premiums[6]	43,019	–	–	–	–	(20)	42,999	24,489
Net investment income	11,662	190	–	574	19	(299)	12,146	13,442
Fee income[6]	5,902	3,084	–	101	–	(145)	8,942	10,081
Other revenues	–	–	–	529	–	–	529	829
Total revenues	60,583	3,274	–	1,204	19	(464)	64,616	48,841
EXPENSES								
Total paid or credited to policyholders	48,487	–	–	–	–	–	48,487	33,091
Commissions	2,396	1,088	–	–	–	(45)	3,439	3,480
Operating and administrative expenses	6,344	1,148	–	1,111	175	(84)	8,694	8,341
Financing charges	284	111	–	86	55	19	555	544
Total expenses	57,511	2,347	–	1,197	230	(110)	61,175	45,456
Earnings before investments in jointly controlled corporations and associates, and income taxes	3,072	927	–	7	(211)	(354)	3,441	3,385
Share of earnings of investments in jointly controlled corporations and associates	–	38	27	25	43	37	170	212
Earnings before income taxes	3,072	965	27	32	(168)	(317)	3,611	3,597
Income taxes	(82)	201	–	(14)	(52)	24	77	554
Net earnings	3,154	764	27	46	(116)	(341)	3,534	3,043
ATTRIBUTABLE TO								
Non-controlling interests	1,362	360	33	(59)	133	(341)	1,488	1,883
Non-participating shareholders	–	–	–	–	52	–	52	52
Participating shareholders of Power Corporation[5]	1,792	404	(6)	105	(301)	–	1,994	1,108
	3,154	764	27	46	(116)	(341)	3,534	3,043

[1] Results reported by IGM are in accordance with IFRS 9. As the Corporation has not adopted IFRS 9, adjustments in accordance with IAS 39 have been recognized on consolidation by the Corporation and included in "Effect of consolidation".

[2] Results reported by GBL are in accordance with IFRS 9. The Corporation's share of earnings of GBL includes adjustments in accordance with IAS 39.

[3] "Investment platforms and other" is comprised of the Corporation's alternative and other investments including its investment platforms, which include consolidated investment funds, Power Energy and IntegraMed (up to the date of deconsolidation on May 20, 2020) as well as the investment activities held through Power Financial including Portag3 I, Portag3 II and Wealthsimple. On December 1, 2020, the Corporation determined that it no longer controls Koho and has deconsolidated Koho as of the date control was lost. The results of Koho have been included in Investment platforms and other up to the date of deconsolidation and includes a gain recognized on deconsolidation of $90 million (the Corporation's share was $71 million).

[4] "Corporate" is comprised of the corporate operations of Power Financial and the Corporation, presented on a combined basis.

[5] The results presented for Lifeco and IGM are as reported by each operating subsidiary. The "Effect of consolidation" includes the elimination of intercompany transactions and reflects adjustments in accordance with IAS 39 for IGM. The contribution from Lifeco, IGM, GBL and Investment Platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[6] In the second quarter of 2019, as a result of Lifeco's sale, via indemnity insurance, of its U.S. individual life insurance and annuity business to Protective Life effective June 1, 2019, total net premiums include $13.9 billion of premiums ceded to Protective Life and fee income includes $1.1 billion of ceding commission received from Protective Life.

As a holding company, the Corporation evaluates the performance of each segment based on its contribution to net earnings and adjusted net earnings. A discussion of the results of Lifeco, IGM and GBL is provided in the section "Contribution to net earnings and adjusted net earnings" below.

NON-CONSOLIDATED STATEMENTS OF EARNINGS

In this section, the contributions from Lifeco and IGM to the net earnings and adjusted net earnings attributable to Power Corporation's participating shareholders are accounted for using the equity method. The contribution to the Corporation's net earnings and adjusted net earnings include the contributions from GBL, and the Corporation's alternative and other investments including investment platforms, which include controlled and consolidated investments accounted for using the equity method, and China AMC. The corporate operations from Power Financial and Power Corporation are presented on a combined basis.

Contribution to adjusted and net earnings

Twelve months ended December 31	2020	2019
Adjusted net earnings[1]		
Lifeco[2]	1,784	1,814
IGM[2]	474	473
GBL[2]	89	181
Effect of consolidation[3]	(67)	33
	2,280	2,501
Alternative and other investments[4]	90	(18)
China AMC	42	30
Corporate operating and other expenses	(164)	(246)
Dividends on non-participating and perpetual preferred shares	(189)	(191)
Non-controlling interests of Power Financial	(116)	(801)
	1,943	1,275
Adjustments[5]		
Lifeco	76	(230)
IGM	(34)	(9)
GBL	(6)	(37)
Alternative and other investments	27	(16)
Corporate operations	(8)	22
Non-controlling interests of Power Financial	(4)	103
	51	(167)
Net earnings[6]	1,994	1,108

[1] For a reconciliation of Lifeco, IGM and GBL's non-IFRS adjusted net earnings to their net earnings, refer to the section "Contribution to net earnings and adjusted net earnings" below.

[2] As reported by Lifeco, IGM and GBL.

[3] See table below for details on Effect of consolidation.

[4] Includes earnings of the Corporation's investment platforms including investments held through Power Financial and earnings (losses) from Power Energy and standalone businesses which include IntegraMed (up to the date of deconsolidation on May 20, 2020).

[5] See "Adjustments" section below.

[6] Attributable to participating shareholders.

Contribution to adjusted and net earnings per share

Twelve months ended December 31	2020	2019
Adjusted net earnings per share – basic		
Lifeco[1]	2.65	2.67
IGM[1]	0.71	0.70
GBL[1]	0.14	0.27
Effect of consolidation[2]	(0.16)	0.05
	3.34	3.69
Alternative and other investments[3]	0.14	(0.03)
China AMC	0.06	0.07
Corporate operating and other expenses and dividends on non-participating and perpetual preferred shares	(0.54)	(0.81)
	3.00	2.92
Adjustments[4]		
Lifeco	0.11	(0.34)
IGM	(0.05)	(0.02)
GBL	(0.01)	(0.05)
Alternative and other investments	0.04	(0.04)
Corporate operations	(0.01)	0.06
	0.08	(0.39)
Net earnings per share[5]	3.08	2.53

[1] As reported by Lifeco, IGM and GBL. For a reconciliation of Lifeco, IGM and GBL's non-IFRS adjusted net earnings per share to their net earnings per share, refer to the section "Contribution to net earnings and adjusted net earnings" below.

[2] See table below for details on Effect of consolidation.

[3] Includes earnings of the Corporation's investment platforms including investments held through Power Financial and earnings (losses) from Power Energy and standalone businesses which include IntegraMed (up to the date of deconsolidation on May 20, 2020).

[4] See "Adjustments" section below.

[5] Attributable to participating shareholders.

Effect of consolidation reflects:

- The elimination of intercompany transactions;
- The application of the Corporation's accounting treatment of commonly held investments to the reported net earnings of the publicly traded operating companies, which include an allocation of the results of the fintech portfolio including Wealthsimple, Koho, Portag3 I and Portag3 II, to the contributions from Lifeco and IGM based on their respective interest; and
- Adjustments in accordance with IAS 39 for IGM and GBL.

The following table summarizes the effect of consolidation by nature for Lifeco, IGM and GBL:

Twelve months ended December 31	2020	2019
LIFECO		
Allocation of fintech portfolio and other[1]	8	(5)
IGM		
Allocation of fintech portfolio[1]	(30)	(29)
Adjustment to include gain on Personal Capital in Adjusted net earnings	19	–
Adjustments in accordance with IAS 39 and other	(8)	18
	(19)	(11)
GBL		
Adjustments in accordance with IAS 39 and other	(56)	49
	(67)	33
Non-controlling interests of Power Financial	(32)	(14)
	(99)	19
Per share	(0.16)	0.05

[1] The third quarter of 2020 includes a charge of $36 million related to the allocation of the remeasurement of the put right liability of the non-controlling interests in Wealthsimple to fair value and carried interest payable.

2020 vs. 2019	
Net earnings	$1,994 million or $3.08 per share, compared with $1,108 million or $2.53 per share in the corresponding period in 2019, an increase of 21.7% on a per share basis.
Adjusted net earnings	$1,943 million or $3.00 per share, compared with $1,275 million or $2.92 per share in the corresponding period in 2019, an increase of 2.7% on a per share basis.
Contribution to net earnings and adjusted net earnings from Lifeco, IGM and GBL	Contribution to net earnings of $2,312 million, compared with $2,325 million in the corresponding period in 2019. Contribution to adjusted net earnings of $2,280 million, compared with $2,501 million in the corresponding period in 2019, a decrease of 8.8%.

A discussion of the results of the Corporation is provided in the sections "Contribution to net earnings and adjusted net earnings", "Alternative and other investments", "China AMC", "Corporate operations", and "Adjustments" below.

CONTRIBUTION TO NET EARNINGS AND ADJUSTED NET EARNINGS

The reportable operating segments of Power Corporation are Lifeco, IGM and GBL.

LIFECO

Contribution to Power Corporation

Twelve months ended December 31	2020	2019
Contribution to Power Corporation's[1]:		
Adjusted net earnings		
As reported by Lifeco	1,784	1,814
Effect of consolidation	8	(5)
	1,792	1,809
Adjustments[2]	76	(230)
Non-controlling interests of Power Financial	(76)	(561)
Net earnings	1,792	1,018

[1] Power Financial's average direct ownership in Lifeco was 66.9% for the year ended December 31, 2020 (67.1% in the corresponding period in 2019). The contributions to earnings from Power Financial for the periods prior and subsequent to the Reorganization are based on ownership of Power Financial of 64.1% and 100%, respectively (average direct ownership was 64.5% in the corresponding twelve-month period in 2019).

[2] Excludes the gain recognized by Lifeco on the sale of GLC, See "Adjustments" section below.

Adjusted and net earnings per share as reported by Lifeco

Twelve months ended December 31	2020	2019
Adjusted net earnings per share[1][2]	2.878	2.859
Adjustments[3]	0.295	(0.365)
Net earnings per share[1]	3.173	2.494

[1] Attributable to Lifeco common shareholders.

[2] Described as "base earnings per common share" by Lifeco. Effective the first quarter of 2020, Lifeco introduced an enhanced non-IFRS earnings measure to reflect management's view of the operating performance of Lifeco. The measure – base earnings (loss) – is being adopted to enhance comparability of results between reporting periods and in anticipation of the implementation of accounting changes related to IFRS 17, *Insurance Contracts*, on January 1, 2023. The comparative periods have been adjusted to reflect this change.

[3] See "Adjustments" section below.

Adjusted and net earnings (loss) as reported by Lifeco

Twelve months ended December 31	2020	2019
Adjusted net earnings (loss)[1][2][3]		
Canada	1,206	1,178
United States	273	350
Europe	688	796
Capital and Risk Solutions	536	401
Lifeco Corporate	(34)	(21)
	2,669	2,704
Adjustments[4][5]		
Actuarial assumption changes and other management actions	113	170
Market-related impacts on liabilities	(127)	(89)
Net gain (charge) on business dispositions	237	(191)
Transaction costs related to the acquisitions of Personal Capital and MassMutual	(78)	–
Revaluation of a deferred tax asset	196	(199)
Restructuring and integration costs	(67)	(36)
	274	(345)
Net earnings (loss)[1][3]		
Canada	1,070	1,051
United States	380	(61)
Europe	913	1,004
Capital and Risk Solutions	614	386
Lifeco Corporate	(34)	(21)
Net earnings[1]	2,943	2,359

[1] Attributable to Lifeco common shareholders.

[2] Described as “base earnings” in Lifeco’s public disclosure.

[3] Effective January 1, 2020, as a result of strategic operational changes, Lifeco has divided the previously reported Europe segment into two separate reporting segments – Europe and Capital and Risk Solutions. Lifeco’s other reportable segments – Canada, United States and Lifeco Corporate – are unchanged. Comparative figures have been reclassified to reflect the new composition of the reportable segments.

[4] Described as “items excluded from base earnings” in Lifeco’s public disclosure.

[5] See “Adjustments” section below.

Net earnings (loss) by segment as reported by Lifeco

Twelve months ended December 31	2020	2019
CANADA [1]		
Individual Customer	317	431
Group Customer	667	632
Canada Corporate	86	(12)
	1,070	1,051
UNITED STATES [1]		
Financial Services [2]	286	278
Asset Management	18	33
U.S. Corporate	76	(236)
Reinsured Insurance & Annuity Business [2]	–	(136)
	380	(61)
EUROPE [1]		
United Kingdom	423	566
Ireland	335	279
Germany	168	160
Europe Corporate	(13)	(1)
	913	1,004
CAPITAL AND RISK SOLUTIONS [1]		
Reinsurance	621	397
Capital and Risk Solutions Corporate	(7)	(11)
	614	386
Lifeco Corporate [1]	(34)	(21)
Net earnings [3]	2,943	2,359

[1] Effective January 1, 2020, as a result of strategic operational changes, Lifeco has divided the previously reported Europe segment into two separate reporting segments – Europe and Capital and Risk Solutions. Lifeco's other reportable segments – Canada, United States and Lifeco Corporate – are unchanged. Comparative figures have been reclassified to reflect the new composition of the reportable segments.

[2] The Reinsured Insurance & Annuity Business unit reflects business transferred to Protective Life under an indemnity reinsurance agreement effective on June 1, 2019. Comparative figures have been adjusted to reflect the current presentation.

[3] Attributable to Lifeco common shareholders.

2020 vs. 2019	
Net earnings	$2,943 million or $3.173 per share, compared with $2,359 million or $2.494 per share in the corresponding period in 2019, an increase of 27.2% on a per share basis.
Adjusted net earnings	$2,669 million or $2.878 per share, compared with $2,704 million or $2.859 per share in the corresponding period in 2019, an increase of 0.7% on a per share basis.

Canada

Net earnings in the twelve-month period ended December 31, 2020 increased by $19 million to $1,070 million, compared with the corresponding period in 2019. Adjusted net earnings were $1,206 million in the twelve-month period ended December 31, 2020, and excluded Adjustments of $136 million as discussed below, compared with $1,178 million in the corresponding period in 2019. Adjustments in the corresponding period in 2019 were $127 million.

INDIVIDUAL CUSTOMER

Net earnings in the twelve-month period ended December 31, 2020 decreased by $114 million to $317 million, compared with the same period last year. The decrease was primarily due to:

- Higher unfavourable impacts of insurance contract liability basis changes;
- Unfavourable market-related impacts, primarily driven by the impact of the equity market declines and volatility in the first quarter of 2020 on segregated fund guarantees and their related hedging ineffectiveness; and
- Lower net fee income, lower impact of new business driven by lower interest rates and unfavourable morbidity experience;
- Partially offset by favourable mortality and policyholder behaviour experience.

GROUP CUSTOMER

Net earnings in the twelve-month period ended December 31, 2020 increased by $35 million to $667 million, compared with the same period last year, primarily due to favourable morbidity experience and higher tax benefits, partially offset by lower contributions from investment experience and unfavourable impacts of insurance contract liability basis changes.

United States

Net earnings in the twelve-month period ended December 31, 2020 increased by $441 million to $380 million, compared with the corresponding period in 2019. Adjusted net earnings were $273 million in the twelve-month period ended December 31, 2020, and excluded Adjustments of a positive earnings impact of $107 million as discussed below, compared with $350 million in the corresponding period in 2019. Adjustments in the corresponding period in 2019 were $411 million.

FINANCIAL SERVICES

For the twelve-month period ended December 31, 2020, net earnings were US$213 million (C$286 million), compared with US$211 million (C$278 million) in the same period last year. The increase of US$2 million was primarily due to:

- Higher contributions from investment experience and net business growth; and
- Higher contributions from insurance contract liability basis changes.

Partially offset by:

- Personal Capital related net loss of US$12 million; and
- Less favourable mortality experience as well as market volatility creating hedge ineffectiveness losses related to guaranteed lifetime withdrawal benefits and integration costs.

In addition, included in the twelve months ended December 31, 2019 was the positive impact of a partial settlement of an employee pension plan.

ASSET MANAGEMENT

For the twelve-month period ended December 31, 2020, net earnings were US$14 million (C$18 million), compared with net earnings of US$24 million (C$33 million) in the same period last year. The decrease of US$10 million was primarily due to higher sales- and compensation-related expenses, partially offset by higher performance fee income. Net earnings in 2020 includes financing and other expenses of US$37 million (C$50 million), compared with US$35 million (C$45 million) in the same period last year. Financing and other expenses increased by US$2 million, primarily due to allocated expenses from affiliates, partially offset by lower financing costs.

REINSURED INSURANCE & ANNUITY BUSINESS

For the twelve-month period ended December 31, 2020, there was no earnings impact, compared with a net loss of US$101 million (C$136 million) for the same period last year. Following the sale, via indemnity reinsurance, to Protective Life in 2019, there were no additional sales, fee and other income and net earnings related to this business unit.

Europe

Net earnings in the twelve-month period ended December 31, 2020 decreased by $91 million to $913 million, compared with the corresponding period in 2019. Adjusted net earnings in the twelve-month period ended December 31, 2020 were $688 million, and excluded Adjustments discussed below of a positive earnings impact of $225 million, compared with $796 million in the corresponding period in 2019. Adjustments in the corresponding period in 2019 were a positive earnings impact of $208 million.

UNITED KINGDOM

Net earnings in the twelve-month period ended December 31, 2020 decreased by $143 million to $423 million, compared with the same period last year. The decrease was primarily due to:

- Lower contributions from insurance contract liability basis changes; and
- Lower impact of new business, unfavourable group mortality experience and lower contributions from investment experience.

Partially offset by:

- Favourable group morbidity and longevity experience; and
- Lower unfavourable market-related impacts related to changes to certain tax estimates driven by equity market declines in 2020.

In addition, the twelve months ended December 31, 2019 included the positive impact of the resolution of an outstanding issue with a foreign tax authority.

IRELAND

Net earnings were $335 million in the twelve-month period ended December 31, 2020, compared with net earnings of $279 million for the same period last year. The increase of $56 million was primarily due to:

- Favourable mortality and morbidity experience; and
- Net gain of $94 million on the sale of IPSI.

Partially offset by:

- Lower impact of new business, higher expenses as well as less favourable contributions from insurance contract liability basis changes; and
- Unfavourable market-related impacts related to unhedged market movements in the first quarter of 2020. Market impacts are primarily driven by the impact of the equity market declines and volatility and lower interest rates in the first quarter of 2020 on segregated fund guarantees.

GERMANY

Net earnings in the twelve-month period ended December 31, 2020 increased by $8 million to $168 million, compared with the same period last year. The increase was primarily due to the impact of changes to certain tax estimates and higher impact of new business, partially offset by the unfavourable equity market impacts related to variable annuity guarantees and related hedge ineffectiveness.

Capital and Risk Solutions

REINSURANCE

Net earnings in the twelve-month period ended December 31, 2020 increased by $224 million to $621 million, compared with the same period last year. The increase was primarily due to favourable longevity experience, higher business volumes and higher contributions from insurance contract liability basis changes, partially offset by new business strain and less favourable claims experience in the life business.

Adjustments

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by Lifeco's management.

In 2020, Adjustments of a positive earnings impact of $274 million consisted of:

- Actuarial assumption changes and other management actions had a positive impact of $113 million.
  - During the fourth quarter of 2020, the negative impact was $23 million. In Canada, net earnings were negatively impacted by $147 million, primarily due to updated policyholder behaviour and economic and asset-related assumptions, partially offset by updated life mortality assumptions. In Europe, net earnings were positively impacted by $78 million, primarily due to updated annuitant mortality assumptions, partially offset by updated economic and asset-related assumptions. In Capital and Risk Solutions, net earnings were positively impacted by $43 million, primarily due to updated economic and annuitant mortality assumptions, partially offset by updated expense assumptions. In the United States, net earnings were positively impacted by $3 million, primarily due to updated annuitant mortality assumptions.
  - During the third quarter of 2020, the net positive impact was $66 million. In the United States, net earnings were positively impacted by $38 million, primarily due to updated economic assumptions. In Europe, net earnings were positively impacted by $22 million, primarily due to updated policyholder behaviour assumptions. In Canada, net earnings were positively impacted by $4 million. In Capital and Risk Solutions, net earnings were positively impacted by $2 million, primarily due to updated annuitant mortality and modelling refinements, partially offset by updated life mortality and policyholder behaviour assumptions.
  - During the second quarter of 2020, Lifeco updated economic assumptions following in-quarter equity market recoveries which had a positive impact of $98 million. Updated economic assumptions on Canadian real estate returns had a negative impact of $33 million. In addition, updates to mortality and morbidity assumptions and modelling refinements had a net positive impact of $57 million. The net impact in the second quarter was a net positive impact of $122 million.
  - During the first quarter of 2020, Lifeco updated economic assumptions related to in-quarter market impacts which had a negative impact of $98 million, partially offset by updates to modelling refinements, other economic assumptions and morbidity assumptions which had a positive impact of $46 million, resulting in a net negative impact of $52 million on net earnings.
- Market-related impacts on liabilities had a negative impact of $127 million.
  - Negative market-related impacts were $31 million in the fourth quarter of 2020, primarily related to an unfavourable impact of changes to certain tax estimates driven by equity market recovery in the fourth quarter of 2020 as well as the valuation of insurance contract liabilities which are supported by equities and real estate driven by lower markets earlier in the year. Included in the total negative impact of $31 million in the fourth quarter of 2020 was a positive impact of $7 million related to legacy block segregated fund guarantee business.
  - Positive market-related impacts were $18 million in the third quarter of 2020, primarily reflecting the equity market recoveries in the quarter which impacted the value of segregated fund and variable annuity guarantees, including related hedging ineffectiveness, as well as the valuation of insurance contract liabilities which are supported by equities and real estate. Included in the total positive impact of $18 million in the third quarter of 2020 was a positive impact of $13 million related to legacy block segregated fund guarantee business.
  - Positive market-related impacts were $35 million in the second quarter of 2020, primarily reflecting the impact of equity market recoveries in the quarter which impacted the value of segregated fund and variable annuity guarantees, including related hedging ineffectiveness, as well as the valuation of insurance contract liabilities which are supported by equities and real estate. Included in the total positive impact of $35 million in the second quarter of 2020 was a positive impact of $45 million related to legacy blocks of segregated fund guarantee business.
  - Negative market-related impacts were $149 million in the first quarter of 2020, reflecting the unfavourable impacts of a decline in equity markets and interest rates in-period which impacted the value of segregated fund and variable annuity guarantees, including related hedging ineffectiveness, as well as the valuation of insurance contract liabilities which are supported by equities and real estate. Of the $149 million total impact, $68 million related to legacy blocks of segregated fund guarantee business.
- Net gain on business dispositions of $237 million:
  - In the fourth quarter Lifeco recognized a net gain of $143 million related to the sale of GLC Asset Management Group Ltd., net of restructuring costs of $16 million after tax. The Corporation will continue to consolidate GLC as it was acquired by IGM, and therefore the transaction has no impact on the consolidated statements of earnings and balance sheets. The Corporation has eliminated the gain recognized by Lifeco of $159 million on consolidation. In the third quarter, Lifeco recognized a net gain of $94 million related to the sale of IPSI.
- Revaluation of a deferred tax asset of $196 million (US$151 million) in the fourth quarter of 2020:
  - As a result of the acquisitions in the United States segment of the retirement services business of MassMutual and Personal Capital in 2020, Lifeco revised its estimates of future taxable profits and recognized a deferred tax asset that had previously been derecognized in the fourth quarter of 2019. The deferred income tax asset revaluation resulted in a $196 million recovery to income tax expense;

- Transaction costs of $78 million:
  - Lifeco recognized transaction costs related to the acquisitions of Personal Capital and the retirement services business of MassMutual of which $31 million were recognized in the third quarter and $47 million in the fourth quarter of 2020; and
- Restructuring and integration costs of $67 million recognized in the fourth quarter of 2020:
  - Lifeco recognized restructuring and integration costs related to the acquisition of Personal Capital and the retirement services business of MassMutual as well as strategic initiatives in the Canadian segment. In the fourth quarter, Lifeco announced two initiatives impacting the Canada segment operations including changes to its Canadian distribution strategy and vision for advisor-based distribution, and IGM Financial, an affiliate of Lifeco, notified Lifeco of its intent to terminate its long-term technology infrastructure-related sharing agreement with Lifeco in the first quarter of 2021. These initiatives, together with the sale of GLC, will result in staff reductions, exit costs for certain facilities' lease agreements and decommissioning activities related to technology and other assets. Changes relating to these initiatives are expected to be fully implemented by the end of 2022.

In 2019, Adjustments of $345 million consisted of:

- In the fourth quarter of 2019, Adjustments were $318 million which consisted of $78 million related to actuarial assumption changes and management actions and negative market-related impacts of $13 million. The fourth quarter of 2019 also included Adjustments for the revaluation of a deferred tax asset which resulted in a charge of $199 million (US$151 million) recorded in the Corporate business unit of the U.S. segment, and restructuring costs of $36 million related to actions undertaken by Putnam to realign its resources to better position itself for current and future opportunities, offset by a net gain of $8 million on the Scottish Friendly transaction recorded in the Corporate business unit of the Europe segment.
- In the third quarter of 2019, Adjustments were a positive earnings impact of $53 million which consisted of a positive earnings impact of $81 million related to actuarial assumption changes and management actions, offset by negative market-related impacts of $28 million.
- In the second quarter of 2019, Adjustments were $168 million which consisted of a positive earnings impact of $38 million related to actuarial assumption changes and management actions, offset by negative market-related impacts of $7 million, and a net loss on the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business to Protective Life of $199 million.
- In the first quarter of 2019, Adjustments were a positive earnings impact of $88 million which related to actuarial assumption changes and management actions of $129 million, offset by negative market-related impacts of $41 million.

The information above has been derived from Lifeco's annual MD&A.

IGM FINANCIAL

Contribution to Power Corporation

Twelve months ended December 31	2020	2019
Contribution to Power Corporation's[1]:		
Adjusted net earnings		
As reported by IGM	474	473
Effect of consolidation[2][3]	(19)	(11)
	455	462
Adjustments[3]	(34)	(9)
Non-controlling interests of Power Financial	(17)	(162)
Net earnings	404	291

[1] Power Financial's average direct ownership in IGM was 62.1% for the year ended December 31, 2020 (61.9% in the corresponding period in 2019). The contributions to earnings from Power Financial for the periods prior and subsequent to the Reorganization are based on ownership of Power Financial of 64.1% and 100%, respectively (average direct ownership was 64.5% in the corresponding twelve-month period in 2019).

[2] Contribution to Power Corporation includes adjustments made by Power Financial in accordance with IAS 39 and the allocation of the results of Wealthsimple, Portag3 I and Portag3 II. In 2020, the adjustment includes the allocation of the remeasurement of the put right liability of the non-controlling interests in Wealthsimple to fair value and an increase in carried interest payable. This charge was partially offset by IGM's gain on Personal Capital which the Corporation has not included as an Adjustment. In 2019, IGM attained significant influence over Personal Capital, and reclassified its investment from available for sale to an associate, which resulted in a gain in accordance with IAS 39. The contribution to Power Corporation was adjusted to include the Corporation's share of this gain.

[3] Includes IGM's share of Lifeco's Adjustments for the impact of actuarial assumption changes and management actions and market impacts on insurance contract liabilities, in accordance with the Corporation's definition of Adjusted net earnings. Refer to the section "Non-IFRS Financial Measures and Presentation". Excludes the Corporation's share of IGM's Adjustments related to the gain on disposal of Personal Capital as well as the gain recognized by IGM on the sale of the QGOF, see "Adjustments" section below.

Adjusted and net earnings per share as reported by IGM (in accordance with IFRS 9)

Twelve months ended December 31	2020	2019
Adjusted net earnings per share[1]	3.20	3.19
Adjustments[2][3]	0.01	(0.07)
Net earnings per share[1]	3.21	3.12

[1] Available to IGM common shareholders.

[2] See "Adjustments" section below.

[3] Described as "Other items" in IGM's public disclosure.

Adjusted and net earnings by segments as reported by IGM (in accordance with IFRS 9)

Twelve months ended December 31	2020	2019
Wealth Management[1]	702	745
Asset Management[1]	234	222
Strategic Investments and Other[1]	149	127
Adjusted net earnings (before interest, income taxes, preferred share dividends and other)[2]	1,085	1,094
Interest expense, income taxes, preferred share dividends and other[3]	(322)	(330)
Adjusted net earnings[4]	763	764
Adjustments[5][6]	1	(17)
Net earnings[4]	764	747

[1] In the third quarter of 2020, IGM realigned its reportable segments to better characterize IGM's business lines and improve transparency into the key drivers of its business. IGM has realigned the previously reported IG Wealth Management, Mackenzie Investments and Corporate and Other segments into three segments so that financial reporting characterizes its distinct business lines. The realigned segments include: Wealth Management, Asset Management and Strategic Investments and Other. Comparative figures have been reclassified to reflect the new composition of the reportable segments.

[2] Non-IFRS financial measure as described in IGM's public disclosure.

[3] Interest expense includes interest on long-term debt and interest on leases.

[4] Available to IGM common shareholders.

[5] IGM does not allocate Adjustments to segments.

[6] Described as "Other items" in IGM's public disclosure.

2020 vs. 2019	
Net earnings	$764 million or $3.21 per share, compared with $747 million or $3.12 per share in the corresponding period in 2019, an increase of 2.9% on a per share basis.
Adjusted net earnings	$763 million or $3.20 per share, compared with $764 million or $3.19 per share in the corresponding period in 2019, an increase of 0.3% on a per share basis.

On January 1, 2018, IGM adopted IFRS 9, *Financial Instruments*. Power Financial has deferred the adoption of IFRS 9 and continues to apply IAS 39. The contribution to Power Financial includes adjustments to reverse the impact of the application of IFRS 9 by IGM.

In January 2019, IGM invested a further $67 million (US$50 million) in Personal Capital which increased its voting interest to 22.7%. As of January 2019, IGM had significant influence and accounted for its interest as an associate using the equity method. In accordance with IFRS 9, IGM previously classified its interest in Personal Capital as fair value through other comprehensive income (FVOCI), in which fair value changes remain permanently in equity. In accordance with IAS 39, the Corporation accounted for IGM's investment in Personal Capital as available for sale. The reclassification of the investment in the first quarter of 2019 from available for sale to an associate, under IAS 39, resulted in a gain; the contribution of IGM to Power Corporation has been adjusted accordingly.

Adjusted net earnings exclude a positive earnings impact of $1 million in the twelve-month period ended December 31, 2020, and excluded charges of $17 million in the corresponding period ended December 31, 2019. These Adjustments are not allocated to segments. The following is a summary of each segment's net earnings:

Wealth Management

Net earnings decreased by $43 million to $702 million in the twelve-month period ended December 31, 2020, compared with the corresponding period in 2019. The decrease in net earnings is mainly related to a decrease in net earnings of IG Wealth Management of $41 million, primarily due to:

- A decrease in income from advisory fees of $15 million to $1,019 million. The decrease was due to the decrease in the advisory fee rate offset in part by the increase in average assets under advisement of 2.5%. The average advisory fee rate for the twelve-month period was 106.3 basis points of average assets under advisement, compared with 110.5 basis points in 2019, primarily reflecting changes in product and client mix;
- A decrease in other financial planning revenues of $15 million to $150 million, primarily due to lower distribution income from insurance products;
- A decrease in redemption fee income of $10 million to $16 million;
- A decrease in net investment income and other of $9 million to $1 million. Net investment and other primarily relates to investment income earned on cash and cash equivalents and securities and other income not related to IG Wealth Management's core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital;

- An increase in operations and support expenses of $21 million to $407 million which includes costs that support wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses. The increase in expenses was primarily due to expenses related to information technology, including Advisor Portal as well as expenses related to IGM's ongoing transformation program; and
- An increase in sub-advisory expenses of $4 million to $150 million.

Partially offset by:

- An increase in income from product and program fees of $6 million, primarily due to the increase in average assets under management of 2.3%. The average product and program fee rate for the year was 86.3 basis points of average assets under management, compared with 87.6 basis points in 2019, reflecting changes in product mix; and
- A decrease in advisory and business development expenses of $27 million to $740 million in the twelve-month period which includes compensation paid to Consultants, the majority of which varies directly with asset or sales levels. Sales-based compensation decreased by $59 million to $36 million, due to commissions paid on the sales of investment products being capitalized in 2020 due to changes in how IG consultant commissions are paid. Other advisory and business development expenses decreased by $8 million to $199 million due to the reduction of certain costs due to COVID-19. These reductions were partially offset by an increase of asset-based compensation of $49 million mainly due to increased average assets under advisement and compensation changes implemented in 2020.

Asset Management

The Asset Management segment includes the fees received from IGM's mutual funds, Wealth Management segment and third parties for investment management services.

Net earnings increased by $12 million to $234 million in the twelve-month period ended December 31, 2020, compared with the corresponding period in 2019, due to:

- An increase of net asset management fees, which is asset management fees offset by dealer compensation expenses, of $10 million to $614 million, mainly due to an increase of $14 million in net asset management fees – third party, primarily due to an 8.5% increase in average assets under management, partially offset by a decline in the effective net asset management fee rate. Mackenzie's net asset management fee rate was 71.8 basis points for the twelve months ended December 31, 2020, compared with 76.0 basis points in the comparative period in 2019. The decrease in the net asset management fee rate in the current period was due to a change in the composition of assets under management, including the impact of having a greater share in non-retail priced products. The increase in net asset management fees – third party is offset by a decline of $4 million of management fees – Wealth Management, due to a 1.5% decline in average assets under management coupled with a decline in the effective management fee rate resulting from a change in the composition of assets under management; and
- A decrease in expenses of $3 million to $383 million, mainly due to a decrease in sub-advisory expenses of $2 million and a decrease in operations and support expenses of $1 million. Operations and support expenses includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses.

Partially offset by:

- A decrease in net investment income and other of $1 million to $3 million. Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds, which are generally made in the process of launching a fund and are sold as third-party investors subscribe.

Assets under Management and Advisement

Assets under Advisement (AUA) are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of IGM's Wealth Management segment's operating companies.

Assets under Management (AUM) are the key driver of the Asset Management segment and a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where IGM provides investment management services, and include investment funds where IGM is the fund manager, investment advisory mandates to institutions, and other client accounts where IGM has discretionary portfolio management responsibilities.

Total assets under management and advisement were as follows:

December 31 [In billions of dollars]	2020	2019
Wealth Management		
Assets under management	103.0	98.6
Other assets under advisement	29.6	26.3
Assets under advisement	132.6	124.9
Asset Management		
Assets under management excluding sub-advisory to Wealth Management	111.0	68.2
Sub-advisory to Wealth Management	75.8	73.6
Assets under management	186.8	141.8
Consolidated [1]		
Assets under management	214.0	166.8
Other assets under advisement [2]	26.0	23.2
Total assets under management and advisement [2]	240.0	190.0

[1] Represents the consolidated assets under management and advisement of IGM. In the Wealth Management segment, assets under management is a component part of assets under advisement. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM reporting such that there is no double counting of the same client assets held at IGM operating companies.

[2] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

Total average assets under management and advisement were as follows:

				2020				2019
[In billions of dollars]	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Wealth Management								
Assets under advisement	128.3	124.3	117.1	121.9	123.2	121.2	120.9	117.1
Assets under management	100.4	97.7	91.9	96.2	97.3	95.8	95.6	92.3
Asset Management								
Assets under management excluding sub-advisory to Wealth Management	77.2	73.7	67.3	67.1	67.2	66.3	66.2	63.6
Total assets under management	150.9	145.8	135.6	138.5	140.2	139.2	139.8	135.7
Consolidated [1]								
Assets under management	177.6	171.4	159.2	163.3	164.5	162.1	161.8	155.9
Assets under management and advisement [2]	202.2	194.9	181.5	186.0	187.4	184.7	184.2	177.8

[1] Represents the consolidated assets under management and advisement of IGM. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM reporting such that there is no double counting of the same client assets held at IGM operating companies.

[2] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

Adjustments

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by IGM's management.

Adjusted net earnings in 2020 exclude a positive earnings impact of $1 million, consisting of:

- In the fourth quarter, IGM recognized a gain on the sale of the investment in the Quadrus Group of Funds to Lifeco net of acquisition costs, of $21 million after tax ($25 million pre-tax). The Corporation has not included the amount of the gain of $30 million on the sale of Quadrus Group of Funds in its Adjustments as this gain was eliminated on consolidation.
- In the fourth quarter, a positive earnings impact of $3 million, consisting of IGM's proportionate share of Lifeco's after-tax adjustments, related to the revaluation of a deferred tax asset less certain restructuring and transaction costs; and
- In the third quarter, a gain on the sale of the investment in Personal Capital of $31 million after tax ($37 million pre-tax). The Corporation has not included the amount of the gain on the sale of Personal Capital in its Adjustments as this gain was eliminated on consolidation. The Corporation recognized a gain as a result of the investment in Personal Capital being remeasured at fair value on the date control was acquired by Lifeco; this gain was not included as an Adjustment, in accordance with the Corporation's definition of Adjusted net earnings.

Offset by:

- In the third quarter, restructuring and other charges of $54 million after tax ($75 million pre-tax) resulting from IGM's ongoing multi-year transformation initiatives and efforts to enhance its operational effectiveness and also from the acquisition of GLC and other changes to IGM's investment management teams. This included activities to improve efficiency and capabilities by leveraging the scale and expertise of scaled providers through outsourcing partnerships, as well as process automation initiatives relating to key internal processes. As a result of these initiatives, IGM recorded costs relating to restructuring and downsizing activities as well as impairment of redundant internally generated software assets. During the third quarter, IGM also incurred severance and other charges relating to the acquisition of GLC as well as other personnel changes.

Adjusted net earnings in 2019 excluded a net charge of $17 million, consisting of IGM's proportionate share of Lifeco's Adjustments in accordance with IGM's definition of Adjusted net earnings, of which $9 million was recognized in the fourth quarter and $8 million in the second quarter.

The information above has been derived from IGM's annual MD&A.

GBL

In the fourth quarter of 2020, following the merger of Parjointco SA and Pargesa (refer to the section "2020 Highlights"), Pargesa was delisted from the SIX and has therefore ceased to publish quarterly financial information. Accordingly, the Corporation has introduced the financial information publicly filed by GBL in this section, including the comparative information. The Contribution to Power Corporation in the first three quarters of 2020 is based on the adjusted and net earnings reported by Pargesa which include the Corporation's share of Pargesa's Adjustments. GBL does not identify Adjustments or report adjusted net earnings.

Contribution to Power Corporation

Twelve months ended December 31 [In millions of Canadian dollars]	2020	2019
Contribution to Power Corporation's[1]:		
Adjusted net earnings (loss)		
As reported by GBL[2]	89	181
Effect of consolidation[3]	(56)	49
	33	230
Adjustments[2]	(6)	(37)
Non-controlling interests of Power Financial	(33)	(68)
Net earnings (loss)	(6)	125

[1] In the twelve-month period ended December 31, 2020, Power Financial's average indirect ownership in GBL was 14.2% (13.9% in the corresponding period in 2019). The contributions to earnings from Power Financial for the periods prior and subsequent to the Reorganization are based on ownership of Power Financial of 64.1% and 100%, respectively (average direct ownership was 64.5% in the corresponding twelve-month period in 2019).

[2] Prior to the fourth quarter, the Contribution to the Corporation was based on the financial results of Pargesa which included Adjustments identified by Pargesa. As of the fourth quarter of 2020, the Contribution to the Corporation is based on the financial results reported by GBL.

[3] The Corporation has not adopted IFRS 9. The contribution to the Corporation includes an adjustment to account for GBL under IAS 39 as described below.

Adjusted and net earnings (loss) as reported by GBL (in accordance with IFRS 9)

Twelve months ended December 31 [In millions of Euros]	2020	2019
Share of earnings (loss) of associates and consolidated operating companies of:		
Imerys	16	66
Webhelp	27	(20)
Piolin II/Parques	(72)	(86)
Sienna Capital	38	40
	9	–
Net dividends from investments:		
SGS	108	87
LafargeHolcim	89	111
Pernod Ricard	53	62
GEA	13	13
Umicore	11	34
Total	–	36
adidas	–	43
Ontex	–	7
Other[1]	39	115
	313	508
Interest income (expenses)	(24)	4
Other financial income (expenses)	239	139
Other operating income (expenses)	(146)	(62)
Gains (losses) from disposals, impairments and reversals of non-current assets	1	116
Taxes	(1)	–
Net earnings (loss)[2][3]	391	705

[1] In 2020, mainly consists of a reimbursement of withholding taxes to be received from the French tax authorities relating to dividends received from Engie and Total in 2008 and between 2016 and 2018 (in 2019, mainly consists of reimbursements of withholding taxes relating to dividends received from Total and Engie between 2013 and 2016).

[2] Described as "IFRS consolidated net result" in GBL's public disclosure.

[3] Attributable to GBL shareholders.

2020 vs. 2019	
Net earnings	€391 million, compared with €705 million in the corresponding period in 2019, a decrease of 44.5%.

IAS 39 adjustments to the contribution of GBL

On January 1, 2018, GBL adopted IFRS 9, *Financial Instruments*. The majority of its investments in public entities are classified as FVOCI, an elective classification for equity instruments in which all fair value changes remain permanently in OCI. GBL and Pargesa have consistent classifications in accordance with IFRS 9.

The investments in private equity and other investment funds are classified as fair value through profit or loss (FVPL). The transition requirements of IFRS 9 required that all unrealized gains and losses at January 1, 2018 on investments previously classified as available for sale remain permanently in equity. Starting January 1, 2018, subsequent changes in fair value are recorded in earnings.

Power Corporation has deferred the adoption of IFRS 9 and continues to apply IAS 39. The following table presents adjustments to the contribution of GBL to Power Corporation's earnings in accordance with IAS 39:

Twelve months ended December 31 [In millions of Canadian dollars]	2020	2019
Disposal of interest in Total[1]	45	–
Partial disposal of interest in adidas[2]	–	46
Partial disposal of interest in LafargeHolcim[3]	–	15
Impairment charges[4]	(52)	(8)
Disposal of private equity funds and other[5]	18	–
Reversal of unrealized (gains) losses on private equity funds and other[6]	(100)	(22)
Total	(89)	31

[1] During the second quarter of 2019, GBL sold substantially all of its 0.6% interest in Total through forward sales contracts, which matured in January 2020 and resulted in a gain. GBL's gain of €411 million was not reflected in its earnings as the investment is classified as FVOCI. Power Corporation's share of this realized gain was $45 million.

[2] During the first and second quarters of 2019, a portion of the investment in adidas was disposed of, resulting in gains of €86 million and €247 million, respectively. These gains were not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share of the realized gain was $12 million in the first quarter and $34 million in the second quarter.

[3] During the fourth quarter of 2019, a portion of the investment in LafargeHolcim was disposed of, resulting in a gain from the reversal of previous impairments. The gain was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $15 million.

[4] Under IFRS 9, GBL classifies the majority of its investments in public entities as FVOCI, and as a result impairment charges are not recognized in earnings. Power Corporation recognized impairment charges on the following investments:

- GEA – The investment in GEA has been previously impaired, resulting in an adjusted cost of €22.50 per share. During the first quarter of 2020, the share price decreased to €18.73, resulting in an impairment charge. Power Corporation's share was $13 million.
- LafargeHolcim – The investment in LafargeHolcim has been previously impaired, resulting in an adjusted cost of €35.83 per share. During the first quarter of 2020, the share price decreased to €33.41, resulting in an impairment charge. Power Corporation's share was $27 million.
- Ontex – The investment in Ontex has been previously impaired, resulting in an adjusted cost of €14.18 per share. During the second quarter of 2020, the share price decreased to €13.03, resulting in an impairment charge. Power Corporation's share was $5 million. During the third quarter of 2020, the share price decreased to €11.15, resulting in an impairment charge. Power Corporation's share was $7 million. In the second quarter of 2019, Power Corporation recorded its share of an impairment charge of $8 million on Ontex.

[5] During the first and fourth quarters of 2020, Power Corporation recognized its share of gains on the sale of other investments in the amount of $8 million and $7 million, respectively. The gain in the first quarter resulted from the reversal of a previously recognized impairment. During the second and third quarters of 2020, the Corporation recognized its share of $4 million and $2 million, respectively, mainly related to an impairment on an investment held through a private equity fund. During the first quarter of 2020, an investment held through private equity funds, classified as FVPL in accordance with IFRS 9, was disposed of, resulting in a gain. Power Corporation's share of the realized gain in accordance with IAS 39 was $9 million.

[6] GBL classifies private equity investments at FVPL in accordance with IFRS 9, and recognizes unrealized changes in fair value in earnings. Power Corporation does not recognize these unrealized fair value changes in earnings as it continues to classify these private equity funds as available for sale in accordance with IAS 39.

Other than the share of earnings of Imerys, Webhelp, Parques and Sienna Capital, a significant portion of GBL's net earnings is composed of dividends from its non-consolidated investments, which are usually declared as follows:

- LafargeHolcim (second quarter)
- SGS (first quarter)
- adidas (second quarter)
- Umicore (second and third quarters)
- Pernod Ricard (second and fourth quarters)
- GEA (second quarter)
- Ontex (second quarter)

Due to the impact of COVID-19, adidas, Umicore, Pernod Ricard and Ontex have temporarily suspended or reduced dividend payments.

Results

Net earnings in the twelve-month period ended December 31, 2020 decreased by €314 million to €391 million, compared with the corresponding period in 2019. The decrease in net earnings was mainly due to:

- A decrease in the contribution from Imerys to net earnings of €50 million to €16 million at December 31, 2020;
- A negative contribution from Piolin II of €72 million at December 31, 2020, compared with a negative contribution of €86 million in the corresponding period in 2019, notably due to significant impairments recognized by Parques;
- A decrease in dividends of €195 million to €313 million, compared with €508 million in the corresponding period in 2019. An increase in dividends from SGS of €21 million due to the increase in equity interest was offset by a decrease in the dividends from LafargeHolcim of €22 million and Total of €36 million due to a decrease in the equity interests held. Dividends from other portfolio companies decreased by €82 million reflecting decisions to either temporarily suspend or reduce dividend payments due to the current market environment. Other dividends of €39 million mainly relate to the reimbursement of withholding taxes to be received from the French tax authorities relating to dividends received from Engie and Total in 2008 and between 2016 and 2018, compared with €107 million received in 2019;
- The contribution from Sienna Capital decreased by €2 million to €38 million;
- Net interest expenses were €24 million in 2020, compared with a net interest income of €4 million in 2019. Net interest expense includes interest expenses on outstanding institutional bonds and interest charges to GBL partially offset by interest income from Sienna Capital and default interest on withholding taxes discussed above;
- An increase in other operating expenses of €84 million to €146 million. Other operating expenses includes an expense of €73 million related to the increase in debt recorded under Webhelp's staff incentive plan due to the effect of discounting and vesting as well as overhead expenses related to Sienna Capital; and
- A decrease in gains (losses) from disposals, impairments and reversals of non-current assets of €115 million. In 2019, GBL recognized net gains on the sale of two investments held by Sienna Capital.

Partially offset by:

- An increase in other financial income of €100 million to €239 million, which includes the net increase in fair value of €392 million of Sienna Capital's investments in funds which are not consolidated or equity accounted, a positive impact from the mark to market of derivative held by GBL, partially offset by the net negative impact of marking to market the debt held by GBL to Webhelp's minority shareholders of €209 million; and
- A contribution of €27 million from Webhelp which was acquired at the end of 2019. The negative contribution to net earnings in 2019 of €20 million were related to GBL's share of transaction costs linked to the acquisition of Webhelp.

Adjustments

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by Pargesa's management. The Contribution to the Corporation's adjusted and net earnings for the first three quarters of 2020 and the year ended December 31, 2019 includes the Corporation's share of Adjustments reported by Pargesa. GBL does not identify Adjustments or report adjusted net earnings.

Pargesa reported Adjustments of SF5 million, SF6 million and SF2 million in the first, second and third quarters, respectively, of 2020. Adjustments in 2020 totalled SF13 million, and mainly consisted of Pargesa's share of charges of Imerys, Parques and Webhelp.

Adjustments in 2019 were SF101 million, and mainly consisted of:

- Pargesa's share of Imerys' charges of SF49 million:
  - Charges of SF21 million relating to the implementation of a transformation program and charges related to the temporary shutdown of a U.S. plant, primarily recognized in the second quarter;
  - Charges of SF28 million relating to costs incurred by Imerys as part of its transformation program and depreciation of non-core assets due to the deconsolidation of the North American talc subsidiaries, recognized in the fourth quarter;
- Pargesa's share of Parques' charges of SF38 million: non-recurring expenses recorded by Parques, of which SF16 million was recognized in the third quarter and SF22 million in the fourth quarter; and
- Pargesa's share of SF11 million related to the contribution recognized by GBL following the acquisition of Webhelp, which primarily consists of GBL's share of transaction costs to complete the acquisition, recognized in the fourth quarter.

Average Exchange Rates

The average exchange rates for the twelve-month period ended December 31, 2020 and 2019 were as follows:

Twelve months ended December 31	2020	2019	Change %
Euro/CAD	1.530	1.486	3.0
SF/CAD	1.429	1.335	7.0

The information above has been derived from GBL's public disclosure.

ALTERNATIVE AND OTHER INVESTMENTS

Alternative and other investments are comprised of the results of the investment platforms, which includes income earned from asset management and investing activities. Asset management activities includes management fees and carried interest net of investment platform expenses. Investing activities comprises income earned on the capital invested by the Corporation (proprietary capital) in each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms. Other includes the share of earnings (losses) of standalone businesses and the Corporation's investments in investment and hedge funds.

Income earned from investing activities (proprietary capital) and earnings from other investments are volatile in nature as they depend on many factors, including and primarily related to the timing of realizations.

Summary of income (loss) from the Corporation's alternative and other investments:

Twelve months ended December 31	2020	2019
INVESTMENT PLATFORMS		
Sagard Holdings		
Asset management activities		
Management fees[1]	62	40
Investment platform expenses	(82)	(75)
	(20)	(35)
Net carried interest	17	4
	(3)	(31)
Investing activities (proprietary capital)		
Private equity and other strategies	39	10
Venture capital (fintech investments)[2]	(11)	(30)
	25	(51)
Power Sustainable		
Investing activities (proprietary capital)		
Power Pacific[3]	138	124
Power Energy (share of earnings)	(38)	(33)
Investment platform expenses[4]	(83)	(30)
	17	61
Income (loss) from investment platforms	42	10
Standalone businesses[5]	31	(76)
Other		
Investment and hedge funds	13	24
Other[6]	4	24
	17	48
Income (loss) from alternative and other investments	90	(18)

[1] Includes management fees charged by the investment platform on proprietary capital. Management fees paid by the Corporation are deducted from income from investing activities.

[2] Includes the Corporation's share of earnings (losses) of Wealthsimple and Koho (up to the date of deconsolidation on December 1, 2020). In 2020, includes the Corporation's share of the gain on deconsolidation of Koho of $31 million and a charge of $36 million related to the Corporation's share of the remeasurement of the put right liability of the non-controlling interests in Wealthsimple to fair value and carried interest payable. The increase in fair value of the Corporation's investment, held through Power Financial, in Portag3 I, Portag3 II, Koho and Wealthsimple was $201 million in 2020 ($20 million in 2019).

[3] Mainly comprised of gains (losses) realized on the disposal of investments and dividends received.

[4] Includes carried interest on Power Pacific and Power Energy investing activities.

[5] Includes the increase in the fair value of the call right held by Power Sustainable to acquire additional equity interests in Lion which resulted in a gain of $102 million, partially offset by an increase in amounts payable for long-term incentive plans and deferred taxes of $47 million and the Corporation's share of Lion's net loss in the amount of $35 million. The net loss of Lion includes charges related to their employee incentive plan and an increase in fair value of warrants. Includes the Corporation's share of earnings (losses) of IntegraMed (up to the date of deconsolidation on May 20, 2020), Lumenpulse, Lion, a jointly controlled corporation and associates.

[6] Consists mainly of foreign exchange gains or losses and interest on cash and cash equivalents.

Alternative and other investments' impairment charges were as follows:

Twelve months ended December 31	2020	2019
Sagard Holdings	24	–
Power Pacific	4	1
Standalone businesses	28	33
Investment and hedge funds	7	4
	63	38

Sagard Holdings

For the twelve-month period ended December 31, 2020, impairment charges were $24 million, compared with nil for the same period in 2019. The impairment charges comprise a charge of $6 million in the second quarter of 2020 and of $18 million in the first quarter of 2020 related to the Corporation's share of an impairment charge on an investment held in the Sagard 3 Fund.

Power Pacific

For the twelve-month period ended December 31, 2020, impairment charges were $4 million compared with $1 million for the same period in 2019. Impairment charges in 2020 were due to a decline in equity values.

Standalone businesses

For the twelve-month period ended December 31, 2020, impairment charges were $28 million, compared with $33 million for the same period in 2019. Impairment charges comprise an impairment charge on an equity-accounted investment in the first quarter of 2020, due to a decline in equity values at the end of March 2020. Impairment charges in 2019 mainly related to an equity-accounted investment recognized in the third quarter. The impairment charges in 2019 exclude Sagard Holdings' share of an impairment charge recognized by IntegraMed in the fourth quarter for an amount of $16 million (US$13 million), which was included in Adjustments.

CHINA AMC

For the twelve-month period ended December 31, 2020, income from China AMC was $42 million, compared with $30 million in the same period in 2019.

CORPORATE OPERATIONS

Corporate operations include operating expenses, financing charges, depreciation and income taxes.

Operating and other expenses

Summary of corporate operating and other expenses of the Corporation and Power Financial shown on a combined basis:

Twelve months ended December 31	2020	2019
Operating expenses[1]	145	185
Financing charges[2]	55	55
Depreciation	16	16
Income taxes[3]	(52)	(10)
	164	246

[1] Operating expenses in the twelve-month period ended December 31, 2020 includes a gain of $11 million related to the curtailment of certain executives from the Corporation's pension plan and updated pension assumptions used for certain executives as well as a reduction in other operating expenses in conjunction with the Reorganization.

[2] Financing charges related to Power Financial were $18 million in the twelve-month period ended December 31, 2020 and 2019.

[3] Includes the recognition of previously unrecognized deferred tax assets to offset deferred tax liabilities which have been recognized on unrealized gains in other comprehensive income.

ADJUSTMENTS (excluded from adjusted net earnings)

The following table presents the Corporation's share of Adjustments:

Twelve months ended December 31	2020	2019
Lifeco		
Actuarial assumption changes and other management actions	76	115
Market-related impacts on liabilities	(85)	(60)
Net gain (charge) on business dispositions	63	(128)
Transaction costs related to the acquisitions of Personal Capital and MassMutual	(52)	–
Revaluation of a deferred tax asset	131	(133)
Restructuring and integration charges	(56)	(24)
Share of IGM's adjustments	(1)	–
	76	(230)
IGM		
Restructuring and other charges	(34)	–
Transaction costs related to acquisition of GLC	(3)	–
Share of Lifeco's adjustments [1]	3	(9)
	(34)	(9)
GBL [2]		
Imerys – Impairments, restructuring charges and other	(3)	(18)
Parques and other charges	(3)	(19)
	(6)	(37)
Alternative and other investments		
Recovery on deconsolidation of IntegraMed	27	–
Share of IntegraMed's goodwill impairment charge	–	(16)
	27	(16)
Corporate operations		
Reduction of income tax estimates	–	31
Reorganization charges	(8)	(9)
	(8)	22
Non-controlling interests of Power Financial	(4)	103
	51	(167)

[1] Includes IGM's share of Lifeco's Adjustments for the impact of actuarial assumption changes and management actions and market impact on insurance contract liabilities, in accordance with the Corporation's definition of Adjusted net earnings.

[2] As previously reported by Pargesa.

Alternative and other investments

- In the fourth quarter of 2019, the Corporation's share of a goodwill impairment charge by IntegraMed was $16 million (US$13 million). In the second quarter of 2020, the Corporation's recovery on the deconsolidation of IntegraMed was $27 million (US$19 million).

Corporate operations

- During the fourth quarter of 2020, the Corporation recognized charges in conjunction with the Reorganization of $14 million related to the impairment of certain leasehold improvements and property-related right of use assets partially offset by a gain recorded in the fourth quarter of $6 million on the disposal of a property.
- During the fourth quarter of 2019, Power Financial incurred $9 million of costs related to the Reorganization, primarily related to legal and financial advisor fees.
- In the third quarter of 2019, adjustments of $31 million related to a favourable change to income tax provision estimates.

For additional information, refer to the Lifeco, IGM and GBL "Adjustments" sections and IntegraMed within the "Standalone businesses" section above.

Financial Position

CONSOLIDATED BALANCE SHEETS (condensed)

The condensed balance sheets of Lifeco, IGM and the investment platforms and other, as well as Power Corporation's and Power Financial's combined non-consolidated balance sheet ("Corporate"), are presented below. This table reconciles the non-consolidated balance sheet, which is not in accordance with IFRS, with the condensed consolidated balance sheet of the Corporation at December 31, 2020.

						Power Corporation Consolidated balance sheets	
December 31	Lifeco	IGM	Investment Platforms and Other[1]	Corporate	Effect of consolidation	2020	2019
ASSETS							
Cash and cash equivalents	7,946	772	545	1,226	(449)	10,040	6,805
Investments	190,633	6,964	1,271	4,082	(2,965)	199,985	173,057
Investments in:							
Power Financial, Lifeco and IGM	354	962	–	17,304	(18,620)	–	–
Parjointco	–	–	–	4,216	–	4,216	3,954
Other[2]	65	969	331	–	948	2,313	1,939
Funds held by ceding insurers	18,383	–	–	–	–	18,383	8,714
Reinsurance assets	22,121	–	–	–	–	22,121	20,707
Other assets	12,565	2,270	2,860	280	(203)	17,772	14,885
Intangible assets	4,285	1,322	704	2	(34)	6,279	5,843
Goodwill	10,106	2,803	441	–	613	13,963	10,324
Investments on account of segregated fund policyholders	334,032	–	–	–	–	334,032	231,022
Total assets	600,490	16,062	6,152	27,110	(20,710)	629,104	477,250
LIABILITIES							
Insurance and investment contract liabilities	218,047	–	–	–	–	218,047	176,177
Obligations to securitization entities	–	6,174	–	–	–	6,174	6,914
Power Corporation's debentures and other debt instruments	–	–	–	756	–	756	683
Non-recourse debentures and other debt instruments[3]	9,693	2,100	1,344	250	(88)	13,299	9,255
Other liabilities	11,703	2,745	1,993	1,067	555	18,063	16,614
Insurance and investment contracts on account of segregated fund policyholders	334,032	–	–	–	–	334,032	231,022
Total liabilities	573,475	11,019	3,337	2,073	467	590,371	440,665
EQUITY							
Perpetual preferred shares	–	–	–	2,830	(2,830)	–	–
Non-participating shares	2,714	–	–	956	(2,714)	956	960
Participating shareholders' equity	21,314	4,994	2,596	21,251	(28,904)	21,251	13,214
Non-controlling interests[4][5]	2,987	49	219	–	13,271	16,526	22,411
Total equity	27,015	5,043	2,815	25,037	(21,177)	38,733	36,585
Total liabilities and equity	600,490	16,062	6,152	27,110	(20,710)	629,104	477,250

[1] Includes consolidated investment funds, Wealthsimple and Power Energy.

[2] Includes investments in jointly controlled corporation and associates.

[3] The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.

[4] Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.

[5] Non-controlling interests in consolidation adjustments represent non-controlling interests in the equity of Lifeco, IGM and controlled and consolidated investments.

Total assets of the Corporation increased to $629.1 billion at December 31, 2020, compared with $477.3 billion at December 31, 2019, primarily due to the MassMutual and Personal Capital acquisitions in 2020 as well as market movement, partially offset by the sale of IPSI by Lifeco and currency movement. The MassMutual transaction added $115 billion of total assets to Lifeco's balance sheet.

Liabilities increased to $590.4 billion at December 31, 2020, compared with $440.7 billion at December 31, 2019, mainly due to the following, as disclosed by Lifeco:

- Insurance and investment contract liabilities increased by $41.9 billion, primarily due to an increase of $27.3 billion from the acquisition of the MassMutual retirement services business, the impact of new business and fair value adjustments.
- Investment and insurance contracts on account of segregated fund policyholders increased by $103.0 billion, primarily due to an increase of $84.8 billion from the acquisition of the MassMutual retirement services business, the combined impact of market value gains and investment income of $12.1 billion and the impact of currency movement of $3.9 billion.

NON-CONSOLIDATED BALANCE SHEETS

In the non-consolidated basis of presentation shown below, the non-consolidated balance sheets of Power Corporation and Power Financial are shown on a combined basis; investments in subsidiaries are presented using the equity method. These non-consolidated balance sheets, which are not in accordance with IFRS, enhance the review of financial performance and assist the reader by identifying changes in the combined non-consolidated balance sheet of Power Corporation and Power Financial.

December 31	2020	2019
ASSETS		
Cash and cash equivalents[1]	1,226	1,392
Investment in:		
Lifeco	14,451	13,654
IGM	2,853	2,729
GBL[2]	4,216	3,954
Alternative and other investments[3]	3,367	2,678
China AMC	715	658
Other assets[4]	282	360
Total assets	27,110	25,425
LIABILITIES		
Debentures and other debt instruments[5]	1,006	933
Other liabilities	1,067	1,024
Total liabilities	2,073	1,957
EQUITY		
Perpetual preferred shares	2,830	2,830
Non-participating shares	956	960
Participating shareholders' equity	21,251	13,214
Total equity	25,037	17,004
Non-controlling interest	–	6,464
Total liabilities and equity	27,110	25,425

[1] Cash equivalents include $544 million ($309 million at December 31, 2019) of fixed income securities with maturities of more than three months. In accordance with IFRS, these are classified as investments in the Consolidated Financial Statements.

[2] Indirectly held through Parjointco.

[3] Includes Power Financial's investments in Portag3 I, Portag3 II and Wealthsimple, presented using the equity method and its investment in Koho.

[4] Includes $83 million of dividends declared in the fourth quarter by IGM and received by Power Financial on January 29, 2021 (same as at December 31, 2019).

[5] Includes Power Financial's debentures of $250 million at December 31, 2020 (same as at December 31, 2019).

Cash and cash equivalents

Cash and cash equivalents held by the Corporation and Power Financial amounted to $1,226 million at December 31, 2020, compared with $1,392 million at the end of December 2019 (see "Non-Consolidated Statements of Cash Flows" below for details).

The cash and cash equivalents held by Sagard Holdings and Power Pacific amounted to $280 million at December 31, 2020 ($193 million at December 31, 2019) and are included in the carrying amount of the investment platform.

Investments

Investments in Lifeco, IGM and Parjointco (at equity)

The table below presents a continuity of the investments in Lifeco, IGM and GBL, which are presented using the equity method for the purposes of the non-consolidated presentation; this presentation is not in accordance with IFRS. The carrying value of the investments in Lifeco, IGM and GBL, accounted for using the equity method, increased to $21,520 million at December 31, 2020, compared with $20,337 million at December 31, 2019:

	Lifeco	IGM	GBL[1]	Total
Carrying value, at the beginning of the year	13,654	2,729	3,954	20,337
Share of adjusted net earnings	1,792	455	33	2,280
Share of adjustments	76	(34)	(6)	36
Share of other comprehensive income (loss)	(5)	2	320	317
Dividends	(1,087)	(333)	(88)	(1,508)
Other[2]	21	34	3	58
Carrying value, at December 31, 2020	14,451	2,853	4,216	21,520

[1] Indirectly held through Parjointco.

[2] Other includes the impact of the Reorganization of Pargesa, which results in an increase in retained earnings of $19 million.

Alternative and other investments

Alternative and other investments are comprised of the following investments:

Carrying value, as at December 31	2020	2019
Sagard Holdings		
Asset management companies	163	153
Investments[1]	825	689
Power Sustainable		
Power Pacific[2]	1,142	739
Power Energy[2]	427	325
Other		
Standalone businesses	563	523
Other[3]	247	249
	3,367	2,678

[1] Includes Power Financial's investments in Portag3 I, Portag3 II, Wealthsimple and Koho.

[2] Includes investment platform management activities.

[3] Includes portfolio investments in private investment funds and a select number of hedge funds. These investments are classified as available for sale and are carried at fair value. At December 31, 2020, the Corporation had outstanding commitments to make future capital contributions to these funds for an aggregate amount of $37 million.

Investment in China AMC

The carrying value of Power Corporation's investment in China AMC was $715 million at December 31, 2020, compared with $658 million at December 31, 2019.

Carrying value, at the beginning of the year	658
Dividends	(14)
Share of net earnings	42
Share of other comprehensive income	29
Carrying value, at December 31, 2020	715

China AMC's total assets under management, excluding subsidiary assets under management, were RMB¥1,461 billion (C$285 billion) at December 31, 2020, compared with RMB¥1,032 billion (C$192 billion) at December 31, 2019.

EQUITY

Non-participating shares

Non-participating (preferred) shares of the Corporation consist of six series of First Preferred Shares with an aggregate stated capital of $956 million at December 31, 2020 ($960 million at December 31, 2019), of which $950 million are non-cumulative. All series are perpetual preferred shares and are redeemable in whole or in part solely at the Corporation's option from specified dates.

The terms and conditions of the outstanding First Preferred Shares are described in Note 18 to the Corporation's 2020 Consolidated Financial Statements.

Participating shareholders' equity

Participating shareholders' equity was $21,251 million at December 31, 2020, compared with $13,214 million at December 31, 2019:

Twelve months ended December 31	2020	2019
Participating shareholders' equity, at the beginning of the year	13,214	14,104
Changes in participating shares		
Issuance of subordinate voting shares in acquisition of non-controlling interests of Power Financial	8,687	–
Issuance of participating preferred shares	206	–
Purchase for cancellation of subordinate voting shares under NCIB	(110)	–
Issuance of subordinate voting shares (1,497,952 shares in 2020 and 1,422,502 shares in 2019) under the Corporation's Executive Stock Option Plan	48	33
	8,831	33
Changes in retained earnings		
Net earnings before dividends on non-participating shares	2,046	1,160
Dividends declared	(1,263)	(920)
Acquisition of non-controlling interests in Power Financial	(2,847)	–
Transaction costs on acquisition of non-controlling interests in Power Financial	(46)	–
Purchase for cancellation of subordinate voting shares under NCIB	(83)	–
Repurchase of subordinate voting shares under PCC SIB	–	(1,350)
Effects of changes in capital and ownership of subsidiaries, and other[1]	64	143
	(2,129)	(967)
Changes in reserves		
Other comprehensive income (loss)		
Foreign currency translation adjustments	15	(321)
Investment revaluation and cash flow hedges	316	160
Actuarial gains (losses) on defined benefit plans	(137)	(87)
Share of Parjointco and other jointly controlled corporations and associates	413	264
Reattribution on acquisition of non-controlling interests of Power Financial	647	–
Share-based compensation, including the effect of subsidiaries[2]	81	28
	1,335	44
Participating shareholders' equity, at December 31	21,251	13,214

[1] Mainly relates to effects of changes in ownership on Parjointco's interest in GBL and Power Financial's ownership in Wealthsimple.

[2] Includes reattribution of share-based compensation on acquisition of non-controlling interests of Power Financial.

The book value per participating share of the Corporation was $31.38 at December 31, 2020, compared with $30.98 at the end of 2019.

Outstanding number of participating shares

At the date hereof, there were 54,860,866 participating preferred shares of the Corporation outstanding, compared with 48,854,772 at December 31, 2019, and 621,703,526 subordinate voting shares of the Corporation outstanding, compared with 377,614,607 at December 31, 2019.

As part of the Reorganization, the Corporation assumed the Power Financial Employee Stock Option Plan. The 13,079,888 options outstanding at February 13, 2020 under Power Financial's Employee Stock Option Plan were exchanged for 13,733,786 options to acquire subordinate voting shares of the Corporation (Replacement Options). The Replacement Options each entitle the option holders to receive 1.05 subordinate voting shares of the Corporation.

At the date hereof, options were outstanding to purchase up to an aggregate of 30,253,897 subordinate voting shares of the Corporation, which includes 12,154,754 subordinate voting shares issuable pursuant to Replacement Options, under the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan.

Reorganization

On February 12, 2020, in connection with the Reorganization, and in accordance with the Pre-emptive Right, the Corporation issued 6,006,094 Participating Preferred Shares to holders who duly exercised the Pre-emptive Right at a price of $34.27 per Participating Preferred Share, representing a cash consideration of $206 million.

Also, on February 13, 2020, the Corporation acquired 238,693,580 Power Financial Common Shares, in exchange for 1.05 Subordinate Voting Shares of the Corporation and $0.01 per share in cash. The Corporation issued 250,628,173 Subordinate Voting Shares at a price of $34.66 per Subordinate Voting Share and paid $2 million in cash for a total consideration of $8.7 billion.

Normal Course Issuer Bid

The Corporation commenced a Normal Course Issuer Bid (NCIB) on February 20, 2020 which was effective until the earlier of February 19, 2021 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation was authorized to purchase up to 30 million of its Subordinate Voting Shares outstanding as at February 20, 2020 (representing approximately 5.2% of the public float of Subordinate Voting Shares outstanding) at market prices.

During the first quarter of 2020, the Corporation purchased for cancellation 7,352,500 Subordinate Voting Shares pursuant to its NCIB at a price of $193 million. The Corporation's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value of stated capital was $83 million and was recognized as a reduction to retained earnings. At the end of March 2020, in light of the market environment, the Corporation temporarily suspended its share buybacks and did not make any further purchases before the expiry of this NCIB.

Subsequent event

On February 25, 2021, the Corporation commenced a NCIB which is effective until the earlier of February 24, 2022 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation may purchase up to 30 million of its Subordinate Voting Shares outstanding as at February 17, 2021, (representing approximately 5.3% of the public float of Subordinate Voting Shares outstanding) at market prices. The Corporation decided to commence share buybacks at the end of February 2021 to offset dilution from the exercise of employee stock options. At March 17, 2021, the Corporation has repurchased 1,160,000 subordinate voting shares at a price of $36 million.

Substantial issuer bids

On April 17, 2019, Lifeco completed a substantial issuer bid (Lifeco SIB) and purchased for cancellation 59,700,974 of its common shares at a purchase price of $33.50 per common share. Power Financial participated in the Lifeco SIB and as a result its equity interest in Lifeco decreased from 67.8% to 66.8% (excluding IGM's 4.0% interest).

On April 17, 2019, Power Financial completed a substantial issuer bid (PFC SIB) and purchased for cancellation 49,999,973 of its common shares at a purchase price of $33.00 per common share. The Corporation participated in the PFC SIB and as a result its equity interest in Power Financial decreased from 65.5% to 64.1%.

The decrease in ownership in Lifeco and Power Financial resulted in dilution gains of $71 million and $66 million, respectively, recorded in retained earnings and other comprehensive income reserve with a corresponding decrease in non-controlling interests.

On April 17, 2019, the Corporation completed its substantial issuer bid (PCC SIB) and purchased for cancellation 40,909,041 of its Subordinate Voting Shares at a purchase price of $33.00 per subordinate voting share for an aggregate amount of $1.35 billion. The excess paid under the PCC SIB over the stated capital of $1.28 billion was recognized as a reduction to retained earnings. Transaction costs incurred in connection with the PCC SIB of $5 million were recorded in retained earnings.

Net Asset Value

Net asset value is presented for Power Corporation. Net asset value represents management's estimate of the fair value of the participating shareholders' equity of the Corporation. Net asset value is the fair value of the assets of the combined Power Financial and Power Corporation non-consolidated balance sheet less their net debt and preferred shares. In determining the fair value of assets, investments in subsidiaries, jointly controlled corporations and associates are adjusted to fair value as follows:

- Investments in publicly traded companies are valued at their market value, measured as the closing share price on the reporting date;
- Investments in private entities are valued at fair value based on management's estimate using consistently applied valuation models either based on a valuation multiple or discounted cash flows. Certain valuations are prepared by external valuators or subject to review by external valuators. Market-comparable transactions are generally used to corroborate the estimated fair value. The value of investments in private entities is presented net of any management incentives;
- Investments in investment funds are valued at the fair value reported by the fund which is net of carried interest or other incentives.

The presentation of the investments in subsidiaries, jointly controlled corporations and associates at fair value is not in accordance with IFRS; net asset value is a non-IFRS financial measure.

The Corporation's net asset value per share is presented on a look-through basis. The combined non-consolidated balance sheets of Power Corporation and Power Financial include the investments held in public entities through Power Financial (Lifeco, IGM and GBL), and the net debt and preferred shares of Power Financial. The net asset value per share was $41.27 at December 31, 2020, compared with $34.94 at September 30, 2020, representing an increase of 18.1%. The net asset value per share was $44.98 at December 31, 2019.

	2020			2019		
December 31	Combined non-consolidated balance sheet	Fair value adjustment	Net asset value	Combined non-consolidated balance sheet	Fair value adjustment	Net asset value
ASSETS						
Investments						
Power Financial[1]						
Lifeco	14,451	4,374	18,825	13,654	6,976	20,630
IGM	2,853	2,252	5,105	2,729	2,786	5,515
GBL[2]	4,216	(1,346)	2,870	3,954	(1,413)	2,541
Alternative and other investments						
Sagard Holdings						
Asset management companies[3]	163	–	163	153	–	153
Investments[4]	825	310	1,135	689	126	815
Power Sustainable						
Power Pacific	1,142	–	1,142	739	–	739
Power Energy	427	303	730	325	320	645
Other						
Standalone businesses[5]	563	788	1,351	523	173	696
Other	247	19	266	249	51	300
China AMC[6]	715	–	715	658	–	658
Cash and cash equivalents	1,226	–	1,226	1,392	–	1,392
Other assets	282	–	282	360	–	360
Total assets	27,110	6,700	33,810	25,425	9,019	34,444
LIABILITIES AND NON-PARTICIPATING SHARES						
Debentures and other debt instruments	1,006	–	1,006	933	–	933
Other liabilities[7]	1,067	–	1,067	1,024	–	1,024
Non-participating shares and perpetual preferred shares	3,786	–	3,786	3,790	–	3,790
Total liabilities and non-participating shares	5,859	–	5,859	5,747	–	5,747
Non-controlling interests	–	–	–	6,464	3,050	9,514
	5,859	–	5,859	12,211	3,050	15,261
NET VALUE						
Participating shareholders' equity/Net asset value	21,251	6,700	27,951	13,214	5,969	19,183
Per share	31.38		41.27	30.98		44.98

[1] Investments held by Power Financial have been presented on a look-through basis at December 31, 2019; the corresponding adjustment representing the ownership not held by Power Corporation is included in non-controlling interests.

[2] The Pargesa reorganization was completed in the fourth quarter of 2020 and Pargesa was delisted from the SIX; the fair value at December 31, 2019 was based on the market value of Pargesa. The fair value based on the market value of GBL at December 31, 2019 was $3,032 million.

[3] The management companies of the investment funds are presented at their carrying value in accordance with IFRS.

[4] Includes the Corporation's investments in Portag3 I, Portag3 II, Wealthsimple and Koho, held by Power Financial.

[5] At December 31, 2020, the investment in Lion was valued based on the subscription price of US$10.00 per share for the private placement of common shares announced as part of the merger transaction with Northern Genesis Acquisition Corp.

[6] Valued at carrying value in accordance with IFRS.

[7] In accordance with IAS 12, *Income Taxes*, no deferred tax liability is recognized with respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. If the Corporation were to dispose of an investment in a subsidiary or a jointly controlled corporation, income taxes payable on such disposition would be minimized through careful and prudent tax planning and structuring, as well as with the use of available tax attributes not otherwise recognized on the balance sheet, including tax losses, tax basis, safe income and foreign tax surplus associated with the subsidiary or jointly controlled corporation.

Investments measured at market value and cash represent 87.3% of the total assets at fair value at December 31, 2020 (83.9% at December 31, 2019). A 10% change in the market value of publicly traded investments would result in a change in the Corporation's net asset value of $2,798 million or $4.13 per share.

Cash Flows

CONSOLIDATED STATEMENTS OF CASH FLOWS (condensed)

The condensed cash flows of Lifeco, IGM and the Corporation's investment platforms, as well as Power Corporation's and Power Financial's non-consolidated cash flows on a combined basis, are presented below. This table reconciles the non-consolidated statement of cash flows, which is not in accordance with IFRS, to the condensed consolidated statement of cash flows of the Corporation for the twelve-month period ended December 31, 2020.

						Power Corporation Consolidated	
Twelve months ended December 31	Lifeco	IGM	Investment Platforms and Other[1]	Corporate	Effect of consolidation	2020	2019
Cash flows from:							
Operating activities	9,610	737	(13)	1,299	(1,532)	10,101	6,621
Financing activities	2,010	(1,358)	1,117	(1,270)	1,139	1,638	(4,631)
Investing activities	(8,202)	673	(849)	(195)	158	(8,415)	(1,478)
Effect of changes in exchange rates on cash and cash equivalents	(100)	–	11	–	–	(89)	(148)
Increase (decrease) in cash and cash equivalents	3,318	52	266	(166)	(235)	3,235	364
Cash and cash equivalents, at the beginning of the year	4,628	720	374	1,392	(309)	6,805	6,441
Cash and cash equivalents, at December 31	7,946	772	640	1,226	(544)	10,040	6,805

[1] Includes consolidated investment funds, Wealthsimple and Power Energy.

Consolidated cash and cash equivalents increased by $3,235 million in the twelve-month period ended December 31, 2020, compared with an increase of $364 million in the corresponding period in 2019.

Operating activities produced a net inflow of $10,101 million in the twelve-month period ended December 31, 2020, compared with a net inflow of $6,621 million in the corresponding period in 2019.

Cash flows from financing activities, which include the issuance and repayment of capital instruments, repurchase of shares pursuant to the Lifeco SIB, the PFC SIB and the PCC SIB, the repurchase of participating shares, issuance of participating preferred shares, dividends paid on the participating and non-participating shares of the Corporation, and dividends paid by subsidiaries to non-controlling interests, represented a net inflow of $1,638 million in the twelve-month period ended December 31, 2020, compared with a net outflow of $4,631 million in the corresponding period in 2019.

Cash flows from investing activities resulted in a net outflow of $8,415 million in the twelve-month period ended December 31, 2020, compared with a net outflow of $1,478 million in the corresponding period in 2019.

The Corporation increased its level of fixed income securities with maturities of more than three months, resulting in a net outflow of $235 million in the twelve-month period ended December 31, 2020, compared with a net inflow of $65 million in the corresponding period in 2019.

Refer to Lifeco's and IGM's annual MD&As for a discussion of their respective cash flows.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

As Power Corporation is a holding company, corporate cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes, and non-participating and participating share dividends.

The following combined non-consolidated statements of cash flows of Power Corporation and Power Financial, which are not presented in accordance with IFRS, have been prepared to assist the reader as they isolate the cash flows of the corporate operations.

Twelve months ended December 31	2020	2019
OPERATING ACTIVITIES		
Dividends		
Lifeco[1]	1,087	1,045
IGM	333	333
GBL[2]	88	80
China AMC	14	10
Corporate operations, net of non-cash items[3]	(223)	(151)
	1,299	1,317
FINANCING ACTIVITIES		
Dividends paid on:		
Non-participating shares	(52)	(52)
Participating shares	(1,081)	(695)
Perpetual preferred shares	(138)	(139)
Common shares	(108)	(436)
Issuance of participating preferred shares	206	–
Issuance of subordinate voting shares	42	30
Repurchase of subordinate voting shares	(193)	–
Repurchase of non-participating shares	(4)	(2)
Repurchase of shares under SIBs[1]	–	(1,600)
Changes in other debt instruments	63	36
Share repurchase expense and other	(5)	(15)
	(1,270)	(2,873)
INVESTING ACTIVITIES		
Distributions and proceeds from disposal of investments	212	165
Purchase of investments	(371)	(299)
Acquisition of Power Financial non-controlling interests including transaction costs paid	(48)	–
Proceeds from tender of shares under SIBs[1]	–	1,652
Other[4]	12	1
	(195)	1,519
Increase (decrease) in cash and cash equivalents	(166)	(37)
Cash and cash equivalents, at the beginning of the year	1,392	1,429
Cash and cash equivalents, at December 31	1,226	1,392

[1] Includes repurchase of subordinate voting shares by Power Corporation pursuant to its SIB and repurchase of common shares by Power Financial pursuant to its SIB in the second quarter of 2019. Power Financial participated in the Lifeco SIB in the second quarter of 2019; the number of shares held by Power Financial decreased by 7.4% or 49,318,032. Power Corporation participated in the PFC SIB in the second quarter of 2019; the number of shares held by Power Corporation decreased by 9.1% or 42,436,370.

[2] Held through Parjointco.

[3] Includes changes in short-term receivables from, and payables to, investment platforms.

[4] Includes proceeds received from the sale of property by the Corporation.

On a non-consolidated basis, cash and cash equivalents of the Corporation and Power Financial decreased by $166 million in the twelve-month period ended December 31, 2020, compared with a decrease of $37 million in the corresponding period in 2019.

Operating activities resulted in a net inflow of $1,299 million in the twelve-month period ended December 31, 2020, compared with a net inflow of $1,317 million in the corresponding period in 2019. Dividends paid by the publicly traded operating companies include:

Twelve months ended December 31 [In millions of Canadian dollars; except as otherwise noted]	2020 Dividend per share	 Total dividend received	2019 Dividend per share	 Total dividend received
Lifeco	1.752	1,087	1.652	1,045
IGM	2.25	333	2.25	333
Pargesa [1]	SF2.63	SF61	SF2.56	SF60

[1] Total dividend received from Pargesa of $88 million for the period ended December 31, 2020 and $80 million for the period ended December 31, 2019.

The Corporation's financing activities during the twelve-month period ended December 31, 2020 were a net outflow of $1,270 million, compared with a net outflow of $2,873 million in the corresponding period in 2019, and included:

- Dividends paid on non-participating and participating shares by the Corporation of $1,133 million, compared with $747 million in the corresponding period in 2019. In the twelve-month period ended December 31, 2020, dividends paid on the Corporation's participating shares were $1.7475 per share, compared with $1.5970 per share in the corresponding period in 2019.
- Dividends paid on preferred and common shares by Power Financial net of those received by the Corporation, of $246 million, compared with $575 million in the corresponding period in 2019.
- Issuance of participating preferred shares for $206 million, as part of the Reorganization, compared with no issuance of participating preferred shares in the corresponding period in 2019.
- Repurchase of $193 million of subordinate voting shares as part of the NCIB in the first quarter of 2020, compared with no repurchase in the corresponding period in 2019.
- No repurchases of shares under SIBs, compared with a repurchase of subordinate voting shares pursuant to the PCC SIB and repurchase of common shares pursuant to the PFC SIB representing a net amount of $1,600 million in the corresponding period in 2019.
- Increase in other debt instruments of $63 million, compared with $36 million in the corresponding period in 2019.
- Issuance of subordinate voting shares of the Corporation for $42 million pursuant to the Corporation's Executive Stock Option Plan, compared with issuance for an amount of $30 million in the corresponding period in 2019.

The Corporation's investing activities during the twelve-month period ended December 31, 2020 were a net outflow of $195 million, compared with a net inflow of $1,519 million in the corresponding period in 2019. Investing activities in the corresponding period in 2019 included proceeds received from participating in the PFC SIB and Lifeco SIB representing a net amount of $1,652 million.

Proceeds from disposal of investments and purchase of investments are comprised of investment activities of the Corporation and in its investment platforms.

Capital Management

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities present;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital; and
- maintain an appropriate credit rating to ensure stable access to the capital markets.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

With the exception of debentures and other debt instruments, the Corporation's capital is permanent, matching the long-term nature of its investments. The capital structure of the Corporation consists of: debentures, non-participating shares, participating shareholders' equity, and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital.

The Corporation's consolidated capitalization includes the debentures, preferred shares and other debt instruments issued by its consolidated subsidiaries. Debentures and other debt instruments issued by Power Financial, Lifeco, IGM and controlled investments are non-recourse to the Corporation. The Corporation does not guarantee debt issued by its subsidiaries. Non-participating shares and total equity accounted for 73% of consolidated capitalization at December 31, 2020.

December 31	2020	2019
DEBENTURES AND OTHER DEBT INSTRUMENTS		
Power Corporation	756	683
Power Financial	250	250
Lifeco	9,693	5,993
IGM	2,100	2,100
Other[1]	1,344	1,013
Consolidation adjustments	(88)	(101)
	13,299	9,255
	14,055	9,938
NON-PARTICIPATING SHARES		
Power Corporation	956	960
Power Financial	2,830	2,830
Lifeco	2,714	2,714
	5,544	5,544
	6,500	6,504
EQUITY		
Participating shareholders' equity	21,251	13,214
Non-controlling interests[2]	10,982	16,867
	32,233	30,081
	52,788	46,523

[1] Includes other debt instruments of controlled and consolidated investments and standalone businesses; consists of $28 million ($8 million in 2019) of debt under revolving credit facilities held by the investment funds, $1,176 million ($730 million in 2019) of project related debt held by renewable energy subsidiaries, and $140 million ($275 million in 2019) of other debt held by standalone businesses. The other debt instruments are secured by the assets of the controlled investments which are non-recourse to the Corporation. See Note 15(B) to the Corporation's 2020 Consolidated Financial Statements for more information.

[2] Represents the non-controlling equity interests of the Corporation's subsidiaries excluding Power Financial and Lifeco's preferred shares, which are shown in this table as non-participating shares.

POWER CORPORATION

- The Corporation filed a short-form base shelf prospectus dated November 23, 2020, pursuant to which, for a period of 25 months thereafter, the Corporation may issue up to an aggregate of $5 billion of First Preferred Shares, subordinate voting shares, subscription receipts and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis.
- As part of the Reorganization, the Corporation issued 6,006,094 participating preferred shares on February 12, 2020 for consideration of $206 million and 250,628,173 subordinate voting shares on February 13, 2020. Refer to the section "2020 Highlights" for more information.
- The Corporation commenced a NCIB on February 25, 2021 which is effective until the earlier of February 24, 2022 and the date on which the Corporation has purchased the maximum permitted number of subordinate voting shares. Refer to the section "Participating Shareholders' Equity" for more information.

POWER FINANCIAL

- Power Financial filed a short-form base shelf prospectus dated November 23, 2020, pursuant to which, for a period of 25 months thereafter, Power Financial may issue up to an aggregate of $3 billion of First Preferred Shares and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis through Power Financial.

LIFECO

- On May 14, 2020, Lifeco issued $600 million of 10-year 2.379% debentures at par, maturing on May 14, 2030. The net proceeds were used by Lifeco to repay the principal amount of its maturing 4.65% $500 million debentures, together with accrued interest, on August 13, 2020 and for general corporate purposes.
- On July 8, 2020, Lifeco issued $250 million of 30-year 2.981% debentures at par, maturing on July 8, 2050. On July 13, 2020, Lifeco reopened the 2.981% debenture offering due July 8, 2050 and on July 15, 2020, issued an additional $250 million aggregate principal amount. The July 15, 2020 debentures were issued at a price of $986.31 per $1,000 principal amount value for an effective yield of 3.051%. The net proceeds are being used by Lifeco for general corporate purposes.

- On August 12, 2020, Great-West Lifeco U.S. Finance 2020, LP, a subsidiary of Lifeco, issued $663 million (US$500 million) 0.904% senior notes due August 12, 2025. The net proceeds were used by Lifeco to finance a portion of its acquisition in Personal Capital.
- On September 17, 2020, Empower Finance 2020, LP, a subsidiary of Lifeco, issued $526 million (US$400 million) 1.357% senior notes due September 17, 2027, $526 million (US$400 million) 1.776% senior notes due March 17, 2031 and $921 million (US$700 million) 3.075% senior notes due September 17, 2051. Lifeco used the net proceeds to finance a portion of its acquisition of the retirement services business of MassMutual and the fees, expenses and costs incurred in connection with the transaction.
- On November 2, 2020, Great-West Lifeco U.S. LLC, a subsidiary of Lifeco, established a 1-year $635 million (US$500 million) revolving credit facility with interest on the drawn balance equal to the LIBOR rate plus 1.0%. The facility was fully drawn as at December 31, 2020 as part of the MassMutual retirement services business acquisition financing plan. Lifeco intends to pay down the drawn amount during 2021.

The Corporation itself is not subject to externally imposed regulatory capital requirements; however, Lifeco and certain of its main subsidiaries, IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements. See Note 21 to the Corporation's 2020 Consolidated Financial Statements for additional information.

Lifeco's and IGM's annual MD&As further describe their respective capital management activities.

RATINGS

The current rating by Standard & Poor's (S&P) of the Corporation's debentures is "A+" with a stable outlook. Dominion Bond Rating Service's (DBRS) current rating on the Corporation's debentures is "A" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites. These ratings are not a recommendation to buy, sell or hold the securities of a corporation and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

The "A+" rating assigned to the Corporation's debentures by S&P is the fifth highest of the 22 ratings used for long-term debt. A long-term debenture rated "A+" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The "A" rating assigned to the Corporation's debentures by DBRS is the sixth highest of the 26 ratings used for long-term debt. A long-term debenture rated "A" implies that the capacity for repayment is substantial, but of lesser credit quality than AA, and may be vulnerable to future events, although qualifying negative factors are considered manageable.

The current rating by S&P of Power Financial's debentures is "A+" with a stable outlook. DBRS' current rating on Power Financial's debentures is "A (High)" with a stable trend.

Risk Management

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses including a portfolio of alternate asset investment platforms. The Corporation, through Power Financial, holds a controlling interest in Lifeco and IGM and also holds a joint controlling interest in Parjointco, which itself holds a controlling interest in GBL. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. A complete description of these risks is presented in their public disclosures. The respective boards of directors of Lifeco, IGM and GBL are responsible for the risk oversight function at their respective companies. The risk committee of the board of directors of Lifeco and IGM are responsible for its risk oversight. Certain officers of the Corporation are members of these boards and committees of these boards, including the risk committees, and, consequently, in their role as directors, they participate in the risk oversight function at the operating companies.

For additional information on risks related to Lifeco and IGM, refer to their annual MD&As.

RISK OVERSIGHT

The Corporation believes that a prudent approach to risk is achieved through a governance model that focuses on the active oversight of its investments. The Board of Directors and executive officers of the Corporation have overall oversight and responsibility for risk management associated with the investment activities and operations of the holding company and maintain a comprehensive and appropriate set of policies and controls.

The Board of Directors provides oversight and carries out its risk management mandate and addresses operational risks primarily through the following committees:

- The Audit Committee addresses risks related to financial reporting and cybersecurity.
- The Human Resources Committee considers risks associated with the Corporation's compensation policies and practices.
- The Governance and Nominating Committee oversees the Corporation's approach to appropriately address potential risks related to governance matters.
- The Related Party and Conduct Review Committee reviews and considers for approval transactions with related parties of the Corporation.

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, including the following risks and others discussed elsewhere in the review of financial performance, which investors should carefully consider before investing in securities of the Corporation. The following is a review of certain risks that could impact the financial condition and financial performance, and the value of the equity of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

The following section discusses the risks specific to the Corporation including the liquidity risk, credit risk and market risk of the Corporation including Power Financial and the investment platforms.

For additional information on risk management at Lifeco and IGM, refer to their annual MD&As.

COVID-19

The Corporation is managing the risks associated with the COVID-19 pandemic utilizing its existing risk management framework. At Power Corporation and its group companies, the focus has continued to be on managing the safety and well-being of its people, maintaining operational effectiveness, ensuring that the group can serve its customers, assessing impacts on earnings, liquidity and capital, planning for different potential scenarios and engaging with stakeholders. The respective boards of directors of Lifeco, IGM, and GBL are responsible for the governance structures and processes to oversee the management of the risk and potential impacts presented by the current economic slowdown and other potential consequences due to COVID-19.

For additional information on the risks and processes in place at Lifeco and IGM, refer to their annual MD&As.

In response to the impact of COVID-19 on the Corporation and its employees, the following actions have been taken by the Corporation:

- The Business Continuity team, comprised of cross-functional leaders, is actively monitoring the situation and its effect on employees and operations, in accordance with updated government guidance;
- A work-from-home policy has been implemented for all employees, suspending all business travel and holding meetings virtually;
- Frequent communications and updates with employees consistent with the Corporation's priority of ensuring the health and well-being of employees, including communications related to technology and information risk;
- A plan and timeline for employees returning to the Corporation's offices will be managed prudently based on a number of factors, including public health and government directives.

The Corporation is monitoring its liquidity and capital. The Corporation held $1.2 billion of cash and cash equivalents, including fixed income securities, and amounts held by Power Financial at December 31, 2020 and has no material debt maturities in the near term.

As a holding company, the Corporation's ability to pay dividends is dependent upon the Corporation receiving dividends from its principal operating subsidiaries, investment platforms and other investments. Lifeco and its subsidiaries are subject to restrictions set out in relevant corporate and insurance laws and regulations as well as specific guidance from regulators during the COVID-19 pandemic. The overall level of regulatory engagement with Lifeco's regulated subsidiaries has moderated somewhat to reflect the more stable conditions. However, regulators continue to monitor the impact of the pandemic to ensure that regulated companies maintain sufficient capital and liquidity. Lifeco is adhering to the guidance provided by regulators as follows:

- In Canada, on March 13, 2020, the Office of the Superintendent of Financial Institutions (OSFI) set expectations that Canadian banks and insurers should suspend share buybacks and not increase dividend payments.
- In the U.K., the Prudential Regulatory Authority (PRA) wrote to all insurance companies in March and April 2020 to remind them to manage their financial resources prudently to ensure they are able to meet their commitments to policyholders and maintain safety and soundness and to satisfy themselves that any dividends are prudent, consistent with their risk appetite and informed by a range of scenarios including very severe ones.
- In Ireland, the position of the Central Bank of Ireland (CBI) is that, as the impact of COVID-19 remains uncertain, insurance firms should, at this time, postpone any dividend payment distribution or similar transactions until they can forecast their costs and future revenues with a greater degree of certainty. The CBI has indicated that it will continue to review its position in conjunction with ongoing guidance from the European Insurance and Occupational Pensions Authority and the European Systemic Risk Board.

IGM's subsidiaries are also subject to minimum capital requirements. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiary to pay dividends.

The declaration and payment of dividends by the Corporation in future periods remains at the discretion of its Board of Directors and is dependent on the operating performance, profitability, financial position and creditworthiness of its operating subsidiaries, investment platforms and other investments, as well as on their ability to pay dividends which in turn will depend on the duration of the COVID-19 pandemic and the severity and duration of the financial impacts. Although there can be no assurance, to the extent that the pandemic abates and the actions taken by governments lead to a sustained global financial recovery within a reasonable time, the Corporation currently expects that its ability to pay dividends at current levels will not be adversely impacted.

The duration and impact of the COVID-19 pandemic is unknown at this time. While the conditions have become more stable, governments and central banks in the jurisdictions in which the Corporation and its operating subsidiaries operate have implemented and extended many of the measures introduced earlier in 2020 to deal with the economic impacts of the COVID-19 pandemic; however, the depth and length of the recession, rollout and efficacy of vaccines, and durability and effectiveness of government and central bank interventions are unknown. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

STRATEGIC RISK

Strategic risk arises as a result of ineffective strategic decision making, inadequate strategies or a lack of responsiveness to important changes to the business environment, including macroeconomic or country risk events, or changes to the regulatory environment. In addition, strategic risk includes risks associated with the Corporation's holding company structure and potential future acquisitions.

The successful execution of the Corporation's investment strategy is uncertain as it requires suitable opportunities, careful timing and business judgment. The Corporation's approach consists in overseeing, through the Board of Directors, its operating businesses and investments with a view to generate long-term, sustainable growth in earnings and dividends. The Corporation aims to act like an owner with a long-term perspective and a strategic vision anchored in strong core values.

The Chief Executive Officer is responsible for developing the Corporation's proposed strategic plans, in light of emerging opportunities and risks and with a view to the Corporation's sustained profitable growth and long-term value creation, and for implementing the approved strategic plans. The Board of Directors is responsible for approving the long-term goals and objectives for the Corporation; and, after considering alternatives, approving the strategic plans developed by the Chief Executive Officer. The Board of Directors also monitors senior management's implementation of the approved plans; assesses the achievement of the Corporation's goals and objectives; reviews and approves on at least an annual basis management's financial plan; and reviews and approves any significant transactions and strategic capital management decisions regarding the Corporation.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation would not be able to meet all cash outflow obligations as they come due or be able to, in a timely manner, raise capital or monetize assets at normal market conditions.

As a holding company, Power Corporation's ability to meet its obligations, including payment of interest, other operating expenses and dividends, and to complete current or desirable future enhancement opportunities or acquisitions generally depends upon dividends from its principal subsidiaries and other investments, and its ability to raise additional capital. Dividends to shareholders of Power Corporation are dependent on the operating performance, profitability, financial position and creditworthiness of its subsidiaries, jointly controlled corporations and associates, as well as on their ability to pay dividends. The payment of interest and dividends by the Corporation's principal subsidiaries is subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained (refer to further discussion in the "COVID-19" section).

The Corporation makes certain investments through its investment platforms in the securities of private companies and illiquid securities. These investments may offer relatively high potential returns, but may also be subject to a relatively higher degree of risk. From time to time, it may be in the best interests of the Corporation to exit these investments. However, securities of private companies and illiquid securities may not have a ready market and the Corporation may be unable to sell such securities at acceptable prices on a timely basis or at all. Illiquidity may limit the Corporation's ability to realize a return or to vary components of its investment portfolio promptly in response to changing conditions. In some cases, the Corporation may also be restricted by contract or by applicable laws from selling such securities for a period of time. The valuation of private companies is inherently difficult because there is a certain level of uncertainty in the assumptions used to determine the fair value of these investments.

The Corporation and Power Financial regularly review their liquidity requirements and seek to maintain a sufficient level of liquidity to meet their operating expenses, financing charges and payment of preferred share dividends for a reasonable period of time, as defined in their policies. The ability of Power Corporation, including through Power Financial, to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance of the Corporation and its subsidiaries. Although the Corporation has been able to access capital on financial markets in the past, there can be no assurance this will be possible in the future. The inability of Power Corporation to access sufficient capital on acceptable terms could have a material adverse effect on Power Corporation's business, prospects, dividend paying capability and financial condition, and further enhancement opportunities or acquisitions.

Liquidity is also available through the Corporation's lines of credit with Canadian banks. The Corporation has a committed line of credit of $250 million and an uncommitted line of credit of $100 million in which advances are at the banks' sole discretion. At December 31, 2020, an amount of €70 million (C$110 million) was drawn on the committed line of credit and the uncommitted line of credit was not utilized.

The investment platforms including the controlled and consolidated investments have committed lines of credit of $400 million with Canadian and U.S. banks ($372 million was undrawn at December 31, 2020). Subsequent to year-end, Sagard 4 entered into a €100 million non-recourse credit facility with interest equal to LIBOR plus 1.70%. The credit facility is secured by the assets and unfunded commitments of Sagard 4.

Principal repayments on debentures and other debt instruments, and pension funding (other than those of Lifeco and IGM) represent the only significant contractual liquidity requirements. The debt instruments of Power Financial as well as those held by the investment platforms, including the controlled and consolidated investments, are non-recourse to the Corporation.

	Payments due by period			
December 31, 2020	Less than 1 year	1–5 years	After 5 years	Total
Debentures and other debt instruments	320	367	1,688	2,375
Future lease payments	20	43	112	175
Pension contributions	5	–	–	5
	345	410	1,800	2,555

Power Corporation and Power Financial believe their ongoing cash flows from operations, available cash balances and liquidity available through their lines of credit are sufficient to address their liquidity needs.

Power Corporation's management of liquidity risk has not changed materially since December 31, 2019.

CREDIT RISK AND MARKET RISK

In order to maintain an appropriate level of available liquidity, the Corporation maintains a portfolio of financial instruments which can be a combination of cash and cash equivalents, fixed income securities, other investments (consisting of equity securities, investment funds and hedge funds) and derivatives. The Corporation also holds, through Power Financial and its investment platforms, shares of private and publicly traded companies and other loans. Those investments bear credit and market risks as described in the following sections.

Credit risk

Credit risk is the potential for financial loss to the Corporation if a counterparty in a transaction fails to meet its payment obligations. Credit risk can be related to the default of a single debt issuer, the variation of credit spreads on tradable fixed income securities and also to counterparty risk relating to derivatives products.

Power Corporation and Power Financial manage credit risk on their fixed income securities by adhering to an investment policy that establishes guidelines which provide exposure limits by defining admissible securities, minimum ratings and concentration limits.

Fixed income securities, which are included in investments and in cash and cash equivalents, consist primarily of bonds, bankers' acceptances and highly liquid temporary deposits with Canadian chartered banks and banks in jurisdictions where Power Corporation, Power Financial and investment platforms operate as well as bonds and short-term securities of, or guaranteed by, the Canadian or U.S. governments. The Corporation and Power Financial regularly review the credit ratings of their counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

Derivatives can be also used mainly to mitigate exposure to foreign exchange and market risk related to certain stock-based compensation arrangements. Power Corporation and Power Financial regularly review the credit ratings of derivative financial instrument counterparties. Derivative contracts are over-the-counter with counterparties that are highly rated financial institutions.

The financial instruments held by the investment platforms include other loans and are subject to credit risk. The investment platforms regularly review the credit ratings of their counterparties and the maximum exposure to credit risk on these financial instruments is their carrying value.

The Corporation's exposure to and management of credit risk related to cash and cash equivalents, fixed income securities and derivatives have not changed materially since December 31, 2019.

Market risk

Market risk is the risk that the market value or future cash flows of an investment will fluctuate as a result of changes in market factors. Market factors include foreign exchange risk, interest rate risk and equity risk.

Foreign Exchange Risk

Foreign exchange risk relates to the Corporation, Power Financial and the investment platforms operating in different currencies and converting non-Canadian investments and earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

In its ongoing operations, the Corporation may hold cash balances denominated in foreign currencies and thus be exposed to fluctuations in exchange rates. In order to protect against such fluctuations, Power Corporation and Power Financial may from time to time enter into currency-hedging transactions with highly rated financial institutions. At December 31, 2020, approximately 4% of the $1,226 million of Power Corporation and Power Financial's cash and cash equivalents and fixed income securities were denominated in foreign currencies, consisting of $43 million in U.S. dollars, $6 million in euros and $3 million in Swiss Francs. At December 31, 2020, approximately 78% (82% as at December 31, 2019) of Power Corporation, Power Financial and investment platforms' cash and cash equivalents and fixed income securities were denominated in Canadian dollars.

Most of Power Corporation's other investments are classified as available for sale. As such, unrealized gains and losses on these investments, resulting from foreign exchange rate variations, are recorded in other comprehensive income until realized. Power Corporation also holds, through its investment platforms, investments in foreign companies which are subject to foreign exchange risk. These investment funds are diversified among the U.S. dollar, the euro, the Chinese renminbi and the Hong Kong dollar which contributes to reducing the concentration of foreign exchange risk. At December 31, 2020, the impact of a 5% strengthening of the Canadian dollar against foreign currencies would result in an unrealized loss recorded in other comprehensive income of approximately $103 million. Power Corporation's and Power Financial's debentures are denominated in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate following changes in interest rates.

Power Corporation, Power Financial and the investment platforms' financial instruments do not have significant exposure to interest rate risk.

Equity Risk

Equity risk is the potential loss associated with the sensitivity of the market price of a financial instrument arising from volatility in equity markets.

Most of Power Corporation's other investments are classified as available for sale. Unrealized gains and losses on these investments are recorded in other comprehensive income until realized. Other investments are reviewed periodically to determine whether there is objective evidence of an impairment in value.

Power Corporation also holds, through its investment platforms, shares of private and publicly traded companies which are subject to equity risk. At December 31, 2020, Sagard Holdings and Power Sustainable collectively held $1,025 million in shares of publicly traded companies and $985 million in shares of private companies, excluding equity interests held in consolidated investments. The investment platforms are diversified, investing in three distinct economic regions: Europe, North America and China. This diversification avoids a concentration in any one single economy.

At December 31, 2020, the impact of a 10% decrease in the value of other investments including those held by Sagard Holdings and Power Sustainable would have been a $178 million unrealized loss recorded in other comprehensive income and $16 million recorded in net earnings.

The market price of the equity securities of Power Corporation's subsidiaries and investments may be volatile and subject to numerous factors beyond such subsidiaries' control. At times, financial markets have experienced significant price and volume fluctuations that have affected the market price of the equity securities of the subsidiaries and investments, and that are often unrelated to the operating performance, underlying asset values or prospects of such companies. Volatility in the market price of the equity securities of subsidiaries and investments may have an impact on the net asset value reported by the Corporation.

Power Corporation's management of financial instruments risk has not changed materially since December 31, 2019. For a further discussion of Power Corporation's risk management, please refer to Note 22 to the Corporation's 2020 Consolidated Financial Statements.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from people, inadequate or failed internal processes and technologies, or external events, which include the risks of internal and external frauds, inadequate human resources practices, execution and processing errors, model risk, suppliers and third-party risk, business disruptions, cybersecurity, legal risk and regulatory compliance risk. Although operational risk cannot be eliminated entirely, the Corporation's risk management processes are designed to manage these risks in a thorough and diligent manner.

The Corporation manages operational risk by adopting and applying a series of corporate governance policies, procedures and practices such as human resource and compensation practice policies, a clawback policy for all officers, a code of business conduct and ethics for employees, a third party code of conduct, business continuity procedures, related party transactions review and other corporate governance guidelines. The Corporation also has established a series of controls for financial reporting and disclosure purposes, and such controls, which are tested on a regular basis, can contribute to identifying and mitigating operational risks.

Cybersecurity risk

The Corporation is exposed to risks relating to cybersecurity, in particular cyber threats, which include cyber-attacks such as, but not limited to, hacking, computer viruses, unauthorized access to confidential, proprietary or sensitive information or other breaches of network or Information Technology (IT) security. The Corporation continues to monitor and enhance its defences and procedures to prevent, detect, respond to and manage cybersecurity threats, which are constantly evolving. Consequently, the Corporation's IT defences are continuously monitored and adapted to both prevent and detect cyber-attacks, and then recover and remediate. Disruption to information systems or breaches of security could result in a negative impact on the Corporation's financial results or result in reputational damage.

Regulatory compliance risk

Regulatory compliance risk is the risk of the Corporation or its employees failing to comply with the regulatory requirements in effect where the Corporation does business, both in Canada and internationally. There are many laws, governmental rules and regulations, including financial reporting and disclosure rules that apply to the Corporation. Interpretation of these laws, rules and regulations by the Corporation, governmental agencies, or the courts could result in situations of regulatory non-compliance and could adversely affect the Corporation's reputation and result in penalties, fines and sanctions or increased oversight by regulators. The Corporation, in addition to complying with these laws, rules and regulations, must also monitor them closely so that changes therein are taken into account in the management of its activities.

The Corporation ensures that the tax implications of all of its strategic decisions comply with its legal and tax reporting obligations as well as anticipate potential changes in the current legal framework to avoid any risk of non-compliance that could have adverse impacts.

REPUTATION RISK

Reputation risk is the risk that an activity undertaken by the Corporation would be judged negatively by its stakeholders or the public, whether that judgment is with or without basis, thereby impairing its image and resulting potentially in the loss of business, limited financing capacity, legal action or increased regulatory oversight. Reputation risk can arise from a number of events and is generally related to a deficiency in managing another risk. For example, non-compliance with laws and regulations as well as deficiencies in financial reporting and disclosures can have a significant reputational impact on the organization.

The Board of Directors of the Corporation has adopted a Code of Business Conduct and Ethics (the Code of Conduct which includes the Corporation's guidelines on Conflicts of Interest) as well as a Third Party Code of Conduct, that govern the conduct of the Corporation's Directors, officers, employees, advisors, consultants and suppliers. The Board of Directors of the Corporation oversees compliance with the Code of Conduct through the Corporation's General Counsel and Secretary, who monitors compliance with the Code of Conduct. Directors and employees of the Corporation are required to confirm annually, and officers of the Corporation are required to confirm quarterly, their understanding of, and agreement to comply with, the Code of Conduct.

SUSTAINABILITY RISK

Sustainability risk is the potential loss associated with the inability of the Corporation and its employees to identify and manage environmental, social and governance risks, which could adversely impact the Corporation's financial position and reputation.

Environmental risks relate to the adverse impacts that could result from global warming and climate change, waste, and resource consumption. Social risks relate to the adverse impacts on people that could result from improper practices related to human rights, labour conditions, health and safety, harassment, diversity, wages and benefits, and supplier management. Governance risks relate to adverse impacts from unethical practices, including corruption and bribery, conflicts of interest, and data privacy.

Anchored by a strong responsible management culture, the Corporation adheres to the clear guidelines set out in its Code of Business Conduct and Ethics, which applies to the Corporation's directors, officers and employees; as well as in its Third Party Code of Conduct, which applies to advisors, consultants and suppliers. The Corporation also maintains other supporting policies, procedures and controls, including a Corporate Social Responsibility Statement, an Environmental Policy, a Global Anti-Bribery Policy, a Privacy Policy, and a Respectful Workplace Policy.

The Corporation takes a balanced approach to conducting business, providing training and capacity building for its employees to ensure sustainability risks are identified and mitigated consistent with its policies and procedures. The Board's risk management oversight includes ensuring that material environmental, social and governance risks are appropriately identified, managed and monitored.

EMERGING RISKS

An emerging risk is a risk not well understood at the current time and for which the impacts on strategy and financial results are difficult to assess or are in the process of being assessed.

Monitoring emerging risks is an important component of risk management. Power Corporation is actively monitoring emerging risks through:

- Review and analysis at the boards and committees of its operating companies around the world where local executives describe the emerging risks in their respective environments.
- The Corporation's executive officers act as the Corporation's risk management committee. They meet regularly to identify, analyze and review the Corporation's risks and to implement strategies to mitigate these risks.

Financial Instruments and Other Instruments

FAIR VALUE MEASUREMENT

Fair value represents the amount that would be exchanged in an arm's-length transaction between willing parties and is best evidenced by a quoted market price, if one exists. Fair values represent management's estimates and are generally calculated using market information and at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and matters of significant judgment.

The Corporation's assets and liabilities recorded at fair value and those for which fair value is disclosed have been categorized based upon the following fair value hierarchy:

- Level 1 inputs utilize observable, unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 inputs utilize other-than-quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability.

The Corporation and its subsidiaries maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input that is significant to the fair value measurement. The Corporation and its subsidiaries' assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

The following table presents the carrying amounts and fair value of the Corporation and its subsidiaries' assets and liabilities recorded or disclosed at fair value. The table distinguishes between assets and liabilities recorded at fair value on a recurring basis and those for which fair value is disclosed. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. Items excluded are: cash and cash equivalents, dividends, interest and accounts receivable, loans to policyholders, certain other financial assets, accounts payable, dividends and interest payable and certain other financial liabilities.

	2020		2019	
At December 31	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Assets recorded at fair value				
Bonds				
Fair value through profit or loss	102,782	102,782	85,845	85,845
Available for sale	11,897	11,897	12,028	12,028
Mortgage and other loans				
Fair value through profit or loss	2,095	2,095	1,314	1,314
Shares				
Fair value through profit or loss	10,697	10,697	9,925	9,925
Available for sale	1,839	1,839	1,474	1,474
Investment properties	6,270	6,270	5,887	5,887
Funds held by ceding insurers	16,188	16,188	6,661	6,661
Derivative instruments	973	973	474	474
Reinsurance assets	130	130	127	127
Other assets	980	980	1,490	1,490
	153,851	153,851	125,225	125,225
Assets disclosed at fair value				
Bonds				
Loans and receivables	23,348	26,545	17,372	19,344
Mortgage and other loans				
Loans and receivables	32,546	34,607	30,461	31,420
Shares				
Available for sale[1]	124	124	150	150
Funds held by ceding insurers	137	137	80	80
	56,155	61,413	48,063	50,994
Total	210,006	215,264	173,288	176,219
LIABILITIES				
Liabilities recorded at fair value				
Investment contract liabilities	9,145	9,145	1,656	1,656
Derivative instruments	1,270	1,270	1,410	1,410
Other liabilities	311	311	430	430
	10,726	10,726	3,496	3,496
Liabilities disclosed at fair value				
Obligations to securitization entities	6,174	6,345	6,914	6,997
Power Corporation's debentures and other debt instruments	756	1,013	683	856
Non-recourse debentures and other debt instruments	13,299	15,206	9,255	10,595
Deposits and certificates	2,246	2,246	886	887
Other liabilities	951	951	838	838
	23,426	25,761	18,576	20,173
Total	34,152	36,487	22,072	23,669

[1] Fair value of certain shares available for sale cannot be reliably measured, therefore these investments are recorded at cost.

See Note 27 to the Corporation's 2020 Consolidated Financial Statements for additional disclosure of the Corporation's fair value measurement at December 31, 2020.

DERIVATIVE FINANCIAL INSTRUMENTS

In the course of their activities, the Corporation and its subsidiaries use derivative financial instruments. When using such derivatives, they only act as limited end-users and not as market makers in such derivatives.

The use of derivatives is monitored and reviewed on a regular basis by senior management of the Corporation and by senior management of its subsidiaries. The Corporation and its subsidiaries have each established operating policies, guidelines and procedures relating to the use of derivative financial instruments, which in particular focus on:

- prohibiting the use of derivative instruments for speculative purposes;
- documenting transactions and ensuring their consistency with risk management policies;
- demonstrating the effectiveness of the hedging relationships; and
- monitoring the hedging relationships.

There were no major changes to the Corporation and its subsidiaries' policies and procedures with respect to the use of derivative instruments in the twelve-month period ended December 31, 2020. The following table provides a summary of the Corporation and its subsidiaries' derivatives portfolio:

			2020			2019
December 31	Notional	Maximum credit risk	Total fair value	Notional	Maximum credit risk	Total fair value
Power Corporation	21	1	1	11	2	2
Power Financial	23	3	3	23	6	6
Lifeco	30,121	829	(392)	21,634	451	(930)
IGM	2,273	38	3	2,608	15	(2)
Other subsidiaries	260	102	88	288	–	(12)
	32,677	972	(298)	24,553	472	(938)
	32,698	973	(297)	24,564	474	(936)

During the twelve-month period ended December 31, 2020, there was an increase of $8.1 billion in the notional amount of derivatives outstanding, primarily due to regular hedging activities, an increase in forward-settling mortgage-backed security transactions ("to-be-announced securities") and an increase in foreign exchange forwards related to the MassMutual transaction. The Corporation and its subsidiaries' exposure to derivative counterparty risk (which represents the market value of instruments in a gain position) increased to $973 million at December 31, 2020 from $474 million at December 31, 2019. The increase was primarily driven by the impact of the Canadian dollar strengthening against the U.S. dollar on cross-currency swaps that pay U.S. dollars and receive Canadian dollars as well as an increase in the value of the call right held by Power Sustainable to purchase additional shares of Lion.

See Note 26 to the Corporation's 2020 Consolidated Financial Statements for additional information.

Off-Balance Sheet Arrangements

GUARANTEES

In the normal course of their operations, the Corporation and its subsidiaries may enter into certain agreements, the nature of which precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation or subsidiary could be required to pay third parties, as some of these agreements do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. See also Note 32 to the Corporation's 2020 Consolidated Financial Statements.

LETTERS OF CREDIT

In the normal course of its reinsurance business, Lifeco provides letters of credit to other parties or beneficiaries. A beneficiary will typically hold a letter of credit as collateral in order to secure statutory credit for insurance and investment contract liabilities ceded to or amounts due from Lifeco. Lifeco may be required to seek collateral alternatives if it is unable to renew existing letters of credit on maturity. See also Note 32 to the Corporation's 2020 Consolidated Financial Statements.

Contingent Liabilities

The Corporation and its subsidiaries are from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Corporation. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Corporation. See also Note 31 to the Corporation's 2020 Consolidated Financial Statements.

Commitments and Contractual Obligations

	Payments due by period				
	Less than 1 year	1–5 years	More than 5 years	Undefined	Total
Power Corporation[1][2]	111	3	654	609	1,377
Power Financial	14	3	254	–	271
Lifeco	3,361	1,896	7,803	–	13,060
IGM	2,658	4,701	2,253	–	9,612
Alternative asset investment platforms and consolidation entries	1,575	412	809	18	2,814
Total	7,719	7,015	11,773	627	27,134
Debentures and other debt instruments[3]	1,290	1,777	11,079	–	14,146
Obligations to securitization entities	1,543	4,610	21	–	6,174
Deposits and certificates	2,277	3	1	–	2,281
Lease obligations[4]	136	397	635	–	1,168
Purchase obligations[5]	262	112	37	–	411
Pension contributions[6]	348	–	–	–	348
Contractual commitments[1][7]	1,863	116	–	627	2,606
Total	7,719	7,015	11,773	627	27,134

[1] Includes $531 million of outstanding commitments from the Corporation to make future capital contributions to investment funds; the exact amount and timing of each capital contribution cannot be determined.

[2] Includes debentures of the Corporation of $650 million.

[3] Please refer to Note 14 and Note 15 to the Corporation's 2020 Consolidated Financial Statements for further information.

[4] Please refer to Note 16 to the Corporation's 2020 Consolidated Financial Statements for further information.

[5] Purchase obligations are commitments of Lifeco to acquire goods and services, primarily related to information services, as well as construction and turbine purchase contracts related to wind projects under construction at Potentia.

[6] Pension contributions include expected contributions to defined benefit and defined contribution pension plans as well as post-employment benefits and are subject to change, as contribution decisions are affected by many factors, including market performance, regulatory requirements and management's ability to change funding policy. Funding estimates beyond one year are excluded due to variability on the assumptions required to project the timing of future contributions.

[7] Represents $1,990 million of commitments by Lifeco. These contractual commitments are essentially commitments to investment transactions made in the normal course of operations, in accordance with Lifeco's policies and guidelines, which are to be disbursed upon fulfilment of certain contract conditions.

Income Taxes (non-consolidated basis)

The Corporation, together with Power Financial, had at December 31, 2020, non-capital losses of $937 million ($860 million for which the benefits have not been recognized) available to reduce future taxable income (including capital gains). These losses expire from 2028 to 2040.

The Corporation, together with Power Financial, had at December 31, 2020, capital losses of $227 million, for which the benefits have not been recognized, that can be used indefinitely to offset capital gains.

In addition, at December 31, 2020, deductible temporary differences for which the benefits have not been recognized were $393 million.

Transactions with Related Parties

Power Corporation has a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of this Committee is to review proposed transactions with related parties of the Corporation, including its controlling shareholder, and to approve only those transactions that it deems appropriate and that are done at market terms and conditions.

In the normal course of business, Power Corporation and its subsidiaries enter into various transactions which include capital commitments to investment funds, performance and base management fees paid to subsidiaries of the group and loans to employees. Such transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

In the normal course of business, Canada Life and Putnam enter into various transactions with related companies which include providing group insurance benefits and subadvisory services, respectively, to other companies within the Power Corporation group of companies. Such transactions are at market terms and conditions. These transactions are reviewed by the appropriate related party and conduct review committee.

Lifeco provides asset management and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of Power Corporation, Power Financial, and Lifeco and its subsidiaries. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

IGM enters into transactions with subsidiaries of Lifeco. These transactions are in the normal course of operations and include (i) providing certain administrative services, (ii) distributing insurance products and (iii) the sale of residential mortgages to Canada Life. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

In October 2017, IGM and a subsidiary of Power Corporation obtained advance tax rulings which permitted tax loss consolidation transactions whereby shares of a subsidiary that generated tax losses may be acquired by IGM. The Corporation has recognized the benefit of the tax losses to be realized throughout this program. On each December 31 of 2020 and 2019, IGM acquired shares of such loss companies. The benefits from these tax loss consolidation arrangements ended on December 31, 2020.

On February 13, 2020, the Corporation and Power Financial completed the Reorganization. Refer to the section "2020 Highlights" for more details.

In connection with the Reorganization, Pansolo, a corporation controlled by the Desmarais Family Residuary Trust, purchased 6 million participating preferred shares on February 12, 2020. Refer to the section "2020 Highlights" for more details.

On December 31, 2020, Power Corporation announced the completion of an internal share capital reorganization of Power Financial, which was intended to further simplify the Corporation's corporate structure. Following the internal reorganization, the Corporation directly holds all of the common shares of Power Financial (as some of such common shares were previously held by a wholly owned subsidiary of the Corporation). In April, July and October of 2020, Power Financial advanced amounts totalling $996 million to the Corporation in exchange for non-interest-bearing promissory notes on demand to fund what would otherwise be its regularly declared distribution on its common shares. On December 31, 2020, Power Financial declared dividends on its common shares of $1,328 million of which $996 million were used to offset the promissory notes payable by the Corporation.

In 2020, Lifeco completed the sale of GLC to Mackenzie and Lifeco completed the acquisition of 100% of the equity of Personal Capital, including the interest held by IGM of 24.8%. In addition, Lifeco and Mackenzie jointly acquired a non-controlling interest in Northleaf. See also the "2020 Highlights" section and Note 30 to the Corporation's 2020 Consolidated Financial Statements for additional information.

Summary of Critical Accounting Estimates and Judgments

In the preparation of the financial statements, management of the Corporation and the managements of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. Key sources of estimation uncertainty and areas where significant judgments are made by the management of the Corporation and the managements of its subsidiaries include: the entities to be consolidated or accounted for using the equity method, insurance and investment contract liabilities, fair value measurements, investment impairment, goodwill and intangible assets, income taxes and employee future benefits. These are described in the notes to the Corporation's 2020 Consolidated Financial Statements.

CONSOLIDATION

Management of the Corporation consolidates all subsidiaries and entities in which it has determined that the Corporation has control. Control is evaluated according to the ability of the Corporation to direct the relevant activities of the subsidiaries or other structured entities in order to derive variable returns. Management of the Corporation and of each of its subsidiaries exercise judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Corporation or its subsidiaries have the ability to exercise their power to affect variable returns.

JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

Jointly controlled corporations are entities in which unanimous consent is required for decisions relating to relevant activities. Associates are entities in which the Corporation exercises significant influence over the entity's operating and financial policies, without having control or joint control. Investments in jointly controlled corporations and associates are accounted for using the equity method. Management of the Corporation and of each of its subsidiaries exercise judgment in determining whether joint control or significant influence exists.

INSURANCE AND INVESTMENT CONTRACT LIABILITIES

Measurement

Insurance contract liabilities represent the amounts required, in addition to future premiums and investment income, to provide for future benefit payments, policyholder dividends, commission and policy administrative expenses for all insurance and annuity policies in force with Lifeco. The Appointed Actuaries of Lifeco's subsidiaries are responsible for determining the amount of the liabilities in order to make appropriate provisions for Lifeco's obligations to policyholders. The Appointed Actuaries determine the liabilities for insurance and investment contracts using generally accepted actuarial practices, according to the standards established by the Canadian Institute of Actuaries. The valuation uses the Canadian Asset Liability Method (CALM). This method involves the projection of future events in order to determine the amount of assets that must be set aside currently to provide for all future obligations and involves a significant amount of judgment.

In the computation of insurance contract liabilities, valuation assumptions have been made regarding rates of mortality and morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. The valuation assumptions use best estimates of future experience together with a margin for adverse deviation. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Investment contract liabilities are measured at fair value determined using discounted cash flows utilizing the yield curves of financial instruments with similar cash flow characteristics.

Additional details regarding these estimates can be found in Note 12 to the Corporation's 2020 Consolidated Financial Statements.

FAIR VALUE MEASUREMENT

The carrying values of financial assets reflect the prevailing market liquidity and the liquidity premiums embedded in the market pricing methods the Corporation and its subsidiaries rely upon.

Fair value movement on the assets supporting insurance contract liabilities is a major factor in the movement of insurance contract liabilities. Changes in the fair value of bonds designated or classified as fair value through profit or loss that support insurance contract liabilities are largely offset by corresponding changes in the fair value of these liabilities, except when the bond has been deemed impaired.

The Corporation and its subsidiaries maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following is a description of the methodologies used to determine fair value.

Bonds and mortgage and other loans at fair value through profit or loss and available for sale

Fair values of bonds and mortgage and other loans recorded at fair value through profit or loss or available for sale are determined with reference to quoted market bid prices primarily provided by third-party independent pricing sources. The Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet dates to measure bonds and mortgage and other loans at fair value. Where prices are not quoted in a normally active market, fair values are determined by valuation models.

The Corporation and its subsidiaries estimate the fair value of bonds and mortgage and other loans not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodologies, discounted cash flow analyses and/or internal valuation models. These methodologies consider such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as yield curves, credit curves, prepayment rates and other relevant factors. For bonds and mortgage and other loans that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

Shares at fair value through profit or loss and available for sale

Fair values of publicly traded shares are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values of shares for which there is no active market are typically based upon alternative valuation techniques such as discounted cash flow analysis, review of price movements relative to the market and utilization of information provided by the underlying investment manager. The Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet dates to measure shares at fair value.

Equity-release mortgages at fair value through profit or loss

There are no market-observable prices for equity-release mortgages; an internal valuation model is used which is based on discounting expected future cash flows and considering the embedded no-negative-equity guarantee. Inputs to the model include market-observable inputs such as benchmark yields and risk-adjusted spreads. Non-market-observable inputs include property growth and volatility rates, expected rates of voluntary redemptions, death, moving to long-term care and interest cessation assumptions and the value of the no-negative-equity guarantee.

Bonds and mortgage and other loans classified as loans and receivables

The fair values disclosed for bonds and mortgage and other loans, classified as loans and receivables, are determined by discounting expected future cash flows using current market rates for similar instruments. Valuation inputs typically include benchmark yields and risk-adjusted spreads based on current lending activities and market activity.

Investment properties

Fair values of investment properties are determined using independent qualified appraisal services and include adjustments by Lifeco management for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. The determination of the fair value of investment properties requires the use of estimates including future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market conditions. Investment properties under construction are valued at fair value if such values can be reliably determined; otherwise, they are recorded at cost.

IMPAIRMENT OF INVESTMENTS

Investments are reviewed on an individual basis at the end of each reporting period to determine whether there is any objective evidence of impairment. The Corporation and its subsidiaries consider various factors in the impairment evaluation process, including, but not limited to, the financial condition of the issuer, specific adverse conditions affecting an industry or region, decline in fair value not related to interest rates, bankruptcy or defaults, and delinquency in payments of interest or principal.

Investments are deemed to be impaired when there is no longer reasonable assurance of collection. The fair value of an investment is not a definitive indicator of impairment, as it may be significantly influenced by other factors, including the remaining term to maturity and liquidity of the asset. However, market price is taken into consideration when evaluating impairment.

For impaired bonds and mortgage and other loans classified as loans and receivables, provisions are established or impairments recorded to adjust the carrying value to the net realizable amount. Wherever possible, the fair value of collateral underlying the loans or observable market price is used to establish the net realizable value. Where available-for-sale bonds are determined to be impaired, the accumulated loss recorded in other comprehensive income is reclassified to net investment income. Impairments on available-for-sale debt instruments are reversed if there is objective evidence that a permanent recovery has occurred. As well, interest is no longer accrued on impaired bonds and mortgage and other loans and previous interest accruals are reversed in net investment income.

Impairment losses on available-for-sale shares are recorded in net investment income if the loss is significant or prolonged. Subsequent losses are recorded directly in net investment income.

GOODWILL AND INDEFINITE LIFE INTANGIBLES IMPAIRMENT TESTING

Goodwill and indefinite life intangible assets, including those resulting from an acquisition during the year, are tested for impairment annually or more frequently if events indicate that impairment may have occurred. Indefinite life intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal.

Goodwill and indefinite life intangible assets have been allocated to cash generating units or to groups of cash generating units (CGUs), representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of the CGUs to the recoverable amount of the CGUs to which the goodwill and indefinite life intangible assets have been allocated.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal or value in use, which is calculated using the present value of estimated future cash flows expected to be generated.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The Corporation and its subsidiaries maintain funded defined benefit pension plans for eligible employees and advisors, unfunded supplementary employee retirement plans (SERP) for eligible employees, and unfunded post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependants. The Corporation and its subsidiaries also maintain defined contribution pension plans for eligible employees and advisors.

The defined benefit pension plans provide pensions based on length of service and final average earnings. Expenses for defined benefit plans are actuarially determined using the projected unit credit method prorated on service, based upon management of the Corporation and of its subsidiaries' assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The Corporation and its subsidiaries' accrued benefit liability in respect to defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets.

- The Corporation and its subsidiaries determine the net interest component of the pension expense for the period by applying the discount rate used to measure the accrued benefit liability at the beginning of the annual period to the net accrued benefit liability. The discount rate used to value liabilities is determined by reference to market yields on high-quality corporate bonds.
- If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.
- Net interest costs, administration expenses, current service costs, past service costs and curtailment and settlement gains or losses are included in operating and administrative expenses.
- Remeasurements represent actuarial gains and losses and the actual return on plan assets, less interest calculated at the discount rate, and changes in the asset ceiling. Remeasurements are recognized immediately through other comprehensive income and are not subsequently reclassified to net earnings.
- The accrued benefit asset (liability) represents the plan surplus (deficit) and is included in other assets (other liabilities).
- Contributions to the defined contribution plans are expensed as incurred.

INCOME TAXES

Current income tax

Current income tax is based on taxable income for the year. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the rates that have been enacted or substantively enacted at the balance sheet date. Current tax assets and current tax liabilities are offset, if a legally enforceable right exists to offset the recognized amounts and the entity intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred income tax

Deferred income tax is the tax expected to be payable or recoverable on differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income and on unused tax attributes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax attributes can be utilized.

Recognition of deferred tax assets is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities available to allow the deferred tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred tax assets. The Corporation and its subsidiaries' financial planning process provides a significant basis for the measurement of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to net current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, jointly controlled corporations and associates, except where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Changes in Accounting Policies

There were no changes to the Corporation's accounting policies from those reported at December 31, 2019, except for:

The Corporation adopted the narrow-scope amendment to IFRS for IFRS 3, *Business Combinations*; IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*; IAS 39, *Financial Instruments: Recognition and Measurement*; and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2020. The adoption of these narrow-scope amendments did not have a significant impact on the Corporation's financial statements.

The Corporation actively monitors changes in IFRS, both proposed and released, by the International Accounting Standards Board (IASB) for potential impact on the Corporation.

Future Accounting Changes

The Corporation and its subsidiaries continuously monitor the potential changes proposed by the IASB and analyze the effect that changes in the standards may have on their consolidated financial statements when they become effective.

Standard	Summary of future changes
IFRS 17 – *Insurance Contracts*	In May 2017, the IASB issued IFRS 17, *Insurance Contracts*, which will replace IFRS 4, *Insurance Contracts*. On June 26, 2019 the IASB issued an exposure draft covering targeted amendments to the IFRS 17 standard, including a proposed amendment to defer the effective date of the standard. In June 2020, the IASB finalized the amendments to IFRS 17, which included confirmation of the effective date for the standard of January 1, 2023. In addition, the IASB confirmed the extension to January 1, 2023 of the exemption for insurers to apply the financial instruments standard, IFRS 9–*Financial Instruments*, keeping the alignment of the effective dates for IFRS 9 and IFRS 17. The adoption of IFRS 17 is a significant initiative for Lifeco supported by a formal governance framework and project plan, for which substantial resources are being dedicated. Lifeco has assembled a project team that is working on implementation which involves preparing the financial reporting systems and processes for reporting under IFRS 17, policy development and operational and change management. The project team is also monitoring developments from the IASB and various industry groups that Lifeco has representation on. Lifeco continues to make progress in implementing its project plan, with key policy decisions well advanced as well as significant progress on the technology solution. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. IFRS 17 introduces three new measurement models depending on the nature of the insurance contracts: the General Measurement Model, the Premium Allocation Approach and the Variable Fee Approach. For the General Measurement Model and Variable Fee Approach, IFRS 17 requires entities to measure insurance contract liabilities on the balance sheet as the total of: (a) the fulfilment cash flows: the current estimates of amounts that a company expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and (b) the contractual service margin: the future profit for providing insurance coverage. Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows must be based on the characteristics of the liability. This is a significant change from IFRS 4 and the CALM, where the discount rate was based on the yield curves of the assets supporting those liabilities (refer to the Corporation's significant accounting policies in Note 2 of the financial statements). The future profit for providing insurance coverage (including impacts of new business) is reflected in the initial recognition of insurance contract liabilities and then recognized into profit or loss over time as the insurance services are provided. IFRS 17 also requires Lifeco to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be onerous. Lifeco is required to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and discount rates. As a result of the new valuation methodologies required under IFRS 17, Lifeco expects its insurance contract liabilities to increase upon adoption. IFRS 17 will affect how Lifeco accounts for its insurance contracts and how the financial performance is reported in the statements of earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. Lifeco is also actively monitoring potential impacts on regulatory capital and its associated ratios and disclosures. Lifeco continues to assess all these impacts through its global implementation plan.

Standard	Summary of future changes
Current implication of IFRS 9 – *Financial Instruments*	In July 2014, the IASB issued a final version of IFRS 9, *Financial Instruments* to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard provides changes to financial instruments accounting for the following: ■ Classification and measurement: this phase requires that financial assets be classified at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. ■ Impairment methodology: this phase replaces the current incurred loss model for impairment of financial assets with an expected loss model. ■ Hedge accounting: this phase replaces the current rule-based hedge accounting requirements in IAS 39 with guidance that more closely aligns the accounting with an entity's risk management activities. In September 2016, the IASB issued an amendment to IFRS 4, *Insurance Contracts* (IFRS 4). The amendment "Applying IFRS 9, *Financial Instruments* with IFRS 4, *Insurance Contracts*" provides qualifying insurance companies with two options to address the potential volatility associated with implementing the IFRS 9 standard before the new proposed insurance contract standard is effective. The two options are as follows: ■ *Deferral Approach:* provides the option to defer implementation of IFRS 9 until the effective date of the new insurance contract standard; or ■ *Overlay Approach:* provides the option to recognize the volatility that could arise when IFRS 9 is applied within other comprehensive income, rather than profit or loss. The Corporation qualifies for the amendment and is applying the deferral approach to allow the adoption of both IFRS 9 and IFRS 17, simultaneously. The disclosure for the measurement and classification of the Corporation's portfolio investments provides most of the information required by IFRS 9. The Corporation and Lifeco continue to evaluate the impact of the adoption of this standard with the adoption of IFRS 17. GBL (held through Parjointco), a jointly controlled corporation, does not qualify for the exemption and adopted IFRS 9 on January 1, 2018. The Corporation, in accordance with the amendment of IFRS 4 to defer the adoption of IFRS 9, is permitted although not required to retain the accounting policies applied by an associate or a jointly controlled corporation which is accounted for using the equity method. The Corporation has decided to continue applying IAS 39 to GBL's results.
IAS 37 – *Provisions, Contingent Liabilities, and Contingent Assets*	In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*. The amendments specify which costs should be included when assessing whether a contract will be loss-making. These amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Corporation and its subsidiaries are evaluating the impact of the adoption of these amendments.
IFRS 16 – *Leases*	In May 2020, the IASB published amendments to IFRS 16, *Leases* amending the standard to provide lessees with an optional exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments are effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The Corporation and its subsidiaries do not anticipate a significant impact on the financial statements as a result of this amendment.
IFRS 9 – *Financial Instruments* IAS 39 – *Financial Instruments: Recognition and Measurement;* IFRS 7 – *Financial Instruments: Disclosures;* IFRS 4 – *Insurance Contracts;* and IFRS 16 – *Leases*	In August 2020, the IASB published *Interest Rate Benchmark Reform – Phase 2* which issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide relief from remeasurement impacts on financial instruments, and discontinuation of hedging relationships arising from reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual reporting periods beginning on or after January 1, 2021, with earlier application permitted. The Corporation and its subsidiaries are monitoring the interest rate benchmark reform process and have established an internal program to fully transition to alternative reference rates by the end of 2021. The transition to alternative reference rates is not expected to impact the Corporation and its subsidiaries' risk management strategy. The Corporation and its subsidiaries do not expect the adoption of these amendments to have a significant impact on the financial statements.

Disclosure Controls and Procedures

Based on their evaluations at December 31, 2020, the Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures were effective at December 31, 2020.

Internal Control over Financial Reporting

The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with IFRS. The Corporation's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As a management and holding company, the Corporation's business activities are carried out through its investments in businesses, each of which has its own management team. Accordingly, the Corporation's management relies on the certifications filed by management of Lifeco and IGM pursuant to National Instrument 52-109 – *52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*, as well as a sub-certification process by management at its other significant subsidiaries and investees in order to make determinations regarding the Corporation's disclosure controls and procedures and internal control over financial reporting.

The Corporation's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Corporation's internal control over financial reporting at December 31, 2020, based on the Internal Control – Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Corporation's internal control over financial reporting was effective at December 31, 2020.

There have been no changes in the Corporation's internal control over financial reporting during the three-month period ended December 31, 2020 which have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

LIMITATION ON DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

As permitted by securities legislation, for the period ended December 31, 2020, Lifeco's management has limited the scope of its design of Lifeco's disclosure controls and procedures and Lifeco's internal control over financial reporting to exclude controls, policies and procedures of MassMutual, which Lifeco acquired on December 31, 2020.

During the year ended December 31, 2020, Lifeco incurred acquisition expenses of $52 million post-tax (US$40 million post-tax) which are included within operating and administrative expenses in the Consolidated Statements of Earnings. As the acquisition occurred on December 31, 2020, the reinsured business did not contribute to 2020 earnings. At December 31, 2020, the estimated total assets and goodwill acquired was $115,169 million. Total estimated liabilities were $112,232 million with the final valuation of the assets acquired and liabilities assumed expected to occur during 2021.

Power Financial Corporation

Power Financial relies on certain of the continuous disclosure documents filed by Power Corporation of Canada pursuant to an exemption from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") pursuant to Section 13.1 of NI 51-102 and as provided in the decision of the Autorité des marchés financiers and the Ontario Securities Commission, dated January 19, 2021, regarding Power Financial and Power Corporation. The following disclosure is provided further to the requirements of such decision:

At December 31, 2020	Lifeco	IGM	Corporate[1]	Effect of consolidation	Total Power Financial	Total Power Corporation
Total assets	600,490	16,062	24,904	(19,553)	621,903	629,104
Total liabilities	573,475	11,019	2,492	(26)	586,960	590,371

For the three-months ending December 31, 2020	Power Financial	Power Corporation
Cash flows from operations	2,141	1,982

[1] Incudes Power Financial's investment activities including its investment in Portag3 I, Portag3 II, and Wealthsimple.

OTHER SUPPLEMENTAL INFORMATION OF POWER FINANCIAL

First Preferred Shares Issued and Outstanding

	2020		2019	
December 31	Number of shares	Stated capital	Number of shares	Stated capital
		$		$
Series A [i]	4,000,000	100	4,000,000	100
Series D [ii]	6,000,000	150	6,000,000	150
Series E [ii]	8,000,000	200	8,000,000	200
Series F [ii]	6,000,000	150	6,000,000	150
Series H [ii]	6,000,000	150	6,000,000	150
Series I [ii]	8,000,000	200	8,000,000	200
Series K [ii]	10,000,000	250	10,000,000	250
Series L [ii]	8,000,000	200	8,000,000	200
Series O [ii]	6,000,000	150	6,000,000	150
Series P [ii]	8,965,485	224	8,965,485	224
Series Q [ii]	2,234,515	56	2,234,515	56
Series R [ii]	10,000,000	250	10,000,000	250
Series S [ii]	12,000,000	300	12,000,000	300
Series T [ii]	8,000,000	200	8,000,000	200
Series V [ii]	10,000,000	250	10,000,000	250
		2,830		2,830

First Preferred Shares

[i] The Series A First Preferred Shares are entitled to a quarterly cumulative dividend, at a floating rate equal to one quarter of 70% of the average prime rates quoted by two major Canadian chartered banks and are redeemable at Power Financial's option, at $25.00 per share, together with all declared and unpaid dividends to, but excluding, the date of redemption.

[ii] The following First Preferred Shares series are entitled to non-cumulative preferential cash dividends payable quarterly. Power Financial may redeem for cash the First Preferred Shares in whole or in part, at Power Financial's option, with all declared and unpaid dividends to, but excluding, the date of redemption.

The dividends and redemption terms are as follows:

First Preferred Shares		Cash dividends payable quarterly	Earliest issuer redemption date	Redemption price
		($/share)		($/share)
Non-cumulative, fixed rate				
Series D,	5.50%	0.343750	Currently redeemable	25.00
Series E,	5.25%	0.328125	Currently redeemable	25.00
Series F,	5.90%	0.368750	Currently redeemable	25.00
Series H,	5.75%	0.359375	Currently redeemable	25.00
Series I,	6.00%	0.375000	Currently redeemable	25.00
Series K,	4.95%	0.309375	Currently redeemable	25.00
Series L,	5.10%	0.318750	Currently redeemable	25.00
Series O,	5.80%	0.362500	Currently redeemable	25.00
Series R,	5.50%	0.343750	Currently redeemable	25.25
Series S,	4.80%	0.300000	Currently redeemable	25.50
Series V,	5.15%	0.321875	July 31, 2022	26.00
Non-cumulative, 5-year rate reset[1]				
Series P,	2.31%[2]	0.144125	January 31, 2021	25.00
Series T,	4.22%	0.263438	January 31, 2024	25.00
Non-cumulative, variable rate				
Series Q,	3-month Government of Canada Treasury Bill + 1.60%[2][3]	Variable	January 31, 2021	25.00

[1] The dividend rate will reset on the earliest issuer redemption date and every fifth year thereafter at a rate equal to the 5-year Government of Canada bond yield plus a reset spread (1.60% for Series P and 2.37% for Series T). The holders have the option to convert their shares into non-cumulative floating rate First Preferred Shares subject to certain conditions on the earliest redemption date and every fifth year thereafter at a rate equal to the 3-month Government of Canada Treasury Bill rate plus the reset (Series Q for Series P and Series U for Series T) spread indicated.

[2] Pursuant to the terms of the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P (Series P shares) and the Non-Cumulative Floating Rate First Preferred Shares, Series Q (Series Q shares), on February 1, 2021, holders of 137,539 Series P shares elected to convert their shares into Series Q shares and holders of 829,570 Series Q shares elected to convert their shares into Series P shares. As of February 1, 2021, Power Financial had 9,657,516 Series P shares and 1,542,484 Serie Q shares. The dividend rate for the Series P shares was reset to an annual fixed rate of 1.998% or $0.124875 per share cash dividend payable quarterly.

[3] The holders have the option to convert their shares into Series P First Preferred Shares, subject to certain conditions, on the earliest redemption date and on every five years thereafter.

Selected Annual Information

For the years ended December 31	2020	2019	2018
Total revenues	64,616	48,841	48,098
Assets under management [in billions]	1,142	941	860
Assets under administration [in billions]	2,195	1,823	1,571
Net earnings (attributable to participating shareholders)	1,994	1,108	1,287
per share – basic	3.08	2.53	2.77
per share – diluted	3.08	2.53	2.76
Adjusted net earnings (attributable to participating shareholders) [1]	1,943	1,275	1,145
per share – basic	3.00	2.92	2.46
Consolidated assets	629,104	477,250	452,303
Total financial liabilities	38,275	26,355	26,056
Debentures and other debt instruments	14,055	9,938	9,977
Shareholders' equity	22,207	14,174	15,118
Book value per participating share	31.38	30.98	30.38
Number of participating shares outstanding [millions]			
Participating preferred shares	54.9	48.9	48.9
Subordinate voting shares	622.4	377.6	417.1
Dividends per share (declared)			
Participating shares [2]	1.7900	2.0020	1.5045
First preferred shares of Power Corporation			
1986 Series [3]	1.0124	1.3824	1.2390
Series A	1.4000	1.4000	1.4000
Series B	1.3375	1.3375	1.3375
Series C	1.4500	1.4500	1.4500
Series D	1.2500	1.2500	1.2500
Series G	1.4000	1.4000	1.4000
First preferred shares of Power Financial			
Series A [4]	0.4839	0.6913	0.6301
Series D	1.3750	1.3750	1.3750
Series E	1.3125	1.3125	1.3125
Series F	1.4750	1.4750	1.4750
Series H	1.4375	1.4375	1.4375
Series I	1.5000	1.5000	1.5000
Series K	1.2375	1.2375	1.2375
Series L	1.2750	1.2750	1.2750
Series O	1.4500	1.4500	1.4500
Series P [5]	0.5765	0.5765	0.5765
Series Q [6]	0.5403	0.8125	0.7091
Series R	1.3750	1.3750	1.3750
Series S	1.2000	1.2000	1.2000
Series T [7]	1.0538	1.0538	1.0500
Series V	1.2875	1.2875	1.2875

[1] Adjusted net earnings and adjusted net earnings per share are non-IFRS financial measures. For a definition of these non-IFRS financial measures, please refer to the section "Non-IFRS Financial Measures and Presentation" in this review of financial performance. In the first quarter of 2020, the definition of Adjustments was changed; refer to the section "Non-IFRS Financial Measures and Presentation" in this review of financial performance for more information. The comparative amounts have been adjusted to reflect this change.

[2] 2019 Includes the dividend declared by the Corporation on December 12, 2019, as part of the Reorganization.

[3] The 1986 Series First Preferred Shares are entitled to a quarterly cumulative dividend at a floating rate equal to one quarter of 70% of the average prime rates quoted by two major Canadian chartered banks.

[4] The Series A First Preferred Shares are entitled to a quarterly cumulative dividend at a floating rate equal to one quarter of 70% of the average prime rates quoted by two major Canadian chartered banks.

[5] On January 31, 2021, the Series P were subject to a dividend rate reset for the five-year period from and including January 31, 2021. The dividend rate was reset to 1.998% or $0.124875 per share in cash dividends payable quarterly.

[6] The Series Q First Preferred Shares are entitled to an annual non-cumulative dividend, payable quarterly at a floating rate equal to the 3-month Government of Canada Treasury Bill rate plus 1.60%.

[7] On January 31, 2019, the Series T were subject to a dividend rate reset for the five-year period from and including January 31, 2019. The dividend rate was reset to 4.215% or $0.263438 per share in cash dividends payable quarterly.