POWER FINANCIAL CORPORATION

Annual Meeting of Shareholders

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

Montréal, May 10, 2018

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POWER FINANCIAL
CORPORATION

Forward-Looking Statements

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

Certain statements, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the listener/reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the listener/reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

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The listener/reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. 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 Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Certain financial terms which may be included in statements today or in the accompanying materials, such as adjusted net earnings, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, an explanation of their purpose and a reconciliation of these non-IFRS measures to results reported in accordance with IFRS, where comparable IFRS measures exist.

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

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May 10, 2018

Good morning ladies and gentlemen. It is my pleasure to address you today and report on the results of the Power Financial Corporation group of companies and speak to you about the strategies we are pursuing to create shareholder value.

The year 2017 was one of ongoing and significant change for the companies in our group. It also provided a number of tangible proof points validating the strategies they have been pursuing for the past several years.

2017 Financial Results

Financial results were solid, if a bit noisy, with several restructuring charges being taken by our group companies as they continued to transform their business models. Net earnings were $1,717 million or $2.41 per share. Adjusted net earnings were $2,135 million or $2.99 per share, unchanged from the previous year.

Both net earnings and adjusted net earnings were impacted negatively by unusually high losses in Great-West Lifeco's reinsurance business related to hurricane activity.

Power Financial increased the dividend on its common shares, which totalled $1.65 per share in 2017, up from $1.57 in 2016.

In March 2018, the Board of Directors announced another increase in the quarterly dividend to $0.4330 per share, being an annualized dividend of $1.732.

Return on shareholders' equity was 12.3 per cent.

The Path We Are On

Since it was launched as a public company in the mid-1980s, Power Financial has been focused upon creating shareholder value. Like our major shareholder, Power Corporation of Canada, which this year marks its 50th year under the leadership of the Desmarais family, our focus has always been on creating shareholder value over the long term.

Over time, we have gone through different phases: a period of laying foundations in the late 1980s and early 1990s. During those years, Montreal Trustco was sold and Great-West Life went through a period of refocusing. That was followed by a period of rapid acquisition-led growth from the mid-nineties until 2008. Then came the financial crisis and its aftermath. We were rock solid through the crisis, but nonetheless spent the next several years ensuring we had the necessary capital, liquidity and risk management systems to meet regulators' expectations.

And, once again, we find ourselves in a different time – one that calls for different strategies.

While circumstances have been different in each period, what has been consistent throughout was our approach of making decisions based upon what was in the best long-term interest of our companies and shareholders.

Since Power Financial's inception, it has created value through a focus on managing to the same basic principles:

- take a long-term perspective and investment horizon
- build industry leaders with attractive growth profiles
- provide active and strong governance oversight of our companies
- use prudence, be risk aware and maintain a strong financial position

So where are we today?

It has been evident for a number of years that changes in technology, consumer expectations and regulatory focus are changing business models in financial services. Success will be reserved for those organizations that can provide clients with best-of-breed products, services and advice, delivered to them by the means and at the times that best suits them, with full transparency regarding price and risk.

Several years ago, the different businesses that make up Great-West Lifeco and IGM Financial embarked upon transformation strategies which involved augmenting their talent pools, their technology platforms and their product and service offerings, while also reducing their prices in many instances.

One of the consequences of such strategies was an increase in the rate of growth of expenses to levels well above the historic levels achieved by our companies.

These difficult choices were made in the face of significant external headwinds, including the negative impact of record low interest rates on the profitability of our insurance products, declining fee levels on mutual funds and other investment products, a market shift towards lower-cost passive products versus the actively managed products managed by our companies, and higher required capital levels and oversight costs resulting from regulatory requirements.

The resulting impact has been a reduction in the rate of growth in profitability of our companies over the past several years.

We are as convinced today as we were a few years back as to the wisdom of the strategies we are pursuing. They are consistent with our historic and ongoing objective of creating superior shareholder value over the long term.

The strategies we are pursuing to create shareholder value in our financial services businesses can be grouped around six major themes:

1. Transform our advisor-based distribution businesses, particularly in Canada;
2. Harness the full potential of our group customers, where we have significant presence in all our markets;
3. Reshape global asset management;
4. Increase the competitiveness and profitability of our core insurance businesses;
5. Deploy and redeploy group capital; and
6. Develop a portfolio of positions and options in high-growth Fintech businesses.

The fifth point – deploy and redeploy group capital – is code for making increased use of merger and acquisition activity.

Our group has a long and successful history of using M&A to create shareholder value. While the last several years were marked by a necessary focus on internal business transformation, we have nonetheless remained active in M&A.

We anticipate putting greater emphasis on M&A to reshape the portfolio of businesses we have to deliver faster growth and higher returns, and we have the financial strength to do so. In M&A, however, you do not control the timing of when opportunities arise.

These six themes are playing out to a greater or lesser extent across our different financial services businesses.

In 2017, a number of our businesses reached inflection points following several years of investment and change. They enjoyed marked improvements in client experience, gained market share and achieved improving financial metrics, which I look forward to sharing with you.

While the pace of transformation of our business models is ongoing and in fact accelerating, we have entered a new phase, where the rate of growth of expenses is slowing. We expect this to continue in the periods ahead.

Together with the opportunities for value creation flowing from the repositioning of Pargesa's portfolio of companies, we are entering these next few years with a very clear game plan and the resources we need to execute it.

It is now my pleasure to provide some highlights from our operating companies.

Great-West Lifeco

Power Financial holds a 71.7 per cent interest in Great-West Lifeco.

Great-West Lifeco's adjusted net earnings were $2,647 million in 2017 and contributed $1,791 million to Power Financial's adjusted net earnings.

Great-West Lifeco is led by Paul Mahon, President and Chief Executive Officer, who was appointed to this role in 2013.

Helping its customers achieve financial security and well-being is at the core of Great-West Lifeco's purpose.

Great-West Lifeco serves over 30 million customers, has assets under management of $700 billion and assets under administration of $1.35 trillion.

Great-West Lifeco – Canada

Great-West Lifeco operates in Canada through Great-West Life, London Life and Canada Life, which together touch the lives of over 13 million individuals, or one in three Canadians.

Great-West Lifeco is making investments in Canada to drive innovation, to create efficiencies and to digitally enable customers, advisors and employees. At the same time, the company has undertaken a major exercise to reduce $200 million in annual expenses, most of which is being reinvested in growth initiatives.

The Canadian insurance market has consolidated over the last two decades, so future growth will primarily be organic, or through smaller targeted acquisitions that extend capabilities or reach. There were a couple of examples of this in 2017.

Great-West Lifeco acquired Financial Horizons Group, a fast-growing distribution company that supports financial advisors in what is known as the Managing General Agency sector. Financial Horizons is in fact the leading company in this sector.

Great-West Lifeco's Canadian real estate management company, GWL Realty Advisors, acquired U.S.-based EverWest. This acquisition provides Great-West Lifeco with a real estate platform in the U.S. and opens up investment opportunities for its Canadian customers.

An example of Great-West Life's customer focus is the student debt repayment program it announced in 2017 for its group customers. Many students in Canada graduate from college with substantial debt. Years of debt repayment keep them from saving for long-term priorities like a home. It also means they can't take advantage of employer-matching contributions to their retirement savings plan. Great-West Lifeco recognized this and came up with a first-in-Canada program where employers are able to match student loan repayments with a contribution to the employee's retirement savings plan. The graduate wins because they can focus on debt repayment while getting an early start on retirement savings. And, the employer wins because this differentiated benefit helps them attract talent.

Great-West Lifeco – United States

Turning to the U.S., Empower Retirement is a great example of our willingness to take a long-term view to create shareholder value. Empower is the second-largest provider of defined contribution plans, such as 401(k) plans, in the United States, managing the retirement accounts of over 8.5 million Americans and with US$530 billion on its platform. Empower was created from the combination of the defined contribution businesses of Great-West Financial, Putnam and J.P. Morgan.

For the past few years, earnings at Empower were reduced materially as the company spent heavily on the integration of the three businesses, migrating all clients on to one system and automating processes to improve the client experience and productivity. We are now enjoying the benefits of our investments. Empower has been winning new business in the market for the past few years at a rate which is far greater than its current market share, and in 2017 profitability grew strongly through revenue growth and productivity gains. It is now poised to grow organically and through potential consolidation of a fragmented industry.

The 2007 acquisition of Putnam established a significant asset management platform for Great-West Lifeco in the U.S. While we have yet to achieve the targeted financial benefits of this acquisition, Putnam has delivered strong investment performance for its customers. Of note, at the end of 2017, Putnam's fund performance was in the Top 10 among close to 60 companies in the *Barron's* Lipper rankings for each of the one-, five- and ten-year periods.

We anticipate further consolidation in the U.S. asset management market and we remain active in seeking out M&A opportunities for Putnam given the significant value that can be created through increased scale.

Great-West Lifeco – United Kingdom

In the U.K., Canada Life is a leading provider of payout annuities and is the leading provider of life and income protection products to group clients. Through the acquisition of Retirement Advantage in January 2018, it extended its position in the retirement income market by increasing its scale and by broadening its product suite to include equity-release mortgages. This product offers customers the potential to stay in their homes while using home equity to augment their retirement income.

Canada Life U.K. is also leveraging this acquisition to drive organic growth through development of a digitally enabled retirement platform for advisors. Advisors will use this platform to help their clients select the right solutions to optimize retirement income.

Great-West Lifeco – Ireland

Turning to Ireland, Great-West Lifeco's 2013 acquisition of Irish Life made it the market leader, including being the top life insurer, retail and institutional investment manager and pension provider.

Irish Life continues to use innovation to drive growth. It introduced 4D Health, where customers can tailor their benefits plans to suit their needs. You'll note some of the benefits available to them on screen. This helps ensure that no matter where a customer is on their health journey, they have relevant and meaningful benefits to meet their needs.

Great-West Lifeco – Germany

In Germany, Canada Life is focused on delivering individual pension savings and insurance solutions through independent brokers. Canada Life Germany is our smallest but fastest-growing regional business, in a market with consolidation potential. It has earned a reputation for excellence in service and product innovation.

In 2017, Canada Life launched an initiative to transform its German back office systems to a digitally enabled platform that will drive increased automation and improved digital access for advisors and clients. It will also allow it to extend its product offering to include group pension savings, one of the fastest-growing markets in Germany.

IGM Financial

Power Financial holds a 65.3 per cent interest in IGM Financial.

IGM Financial adjusted net earnings were $728 million in 2017. It contributed $428 million to Power Financial's adjusted net earnings.

IGM is led by Jeffrey Carney. Mr. Carney served as Chief Executive Officer of Mackenzie Investments from 2013 to 2016, and has been sole Chief Executive Officer of IGM Financial and Chief Executive Officer of Investors Group since 2016.

IGM operates through Investors Group, Mackenzie Financial and Investment Planning Counsel.

It has assets under management of $156.5 billion.

For IGM, 2017 was a year of progress and significant momentum.

Investors Group and Mackenzie are both examples of how our group is able to take a long-term view and do what is in the best long-term interest of the business.

Investors Group
Going back a few years, Investors Group faced a number of challenges, including pressure on mutual fund fees, increased competition from a number of players, not the least of which were the major banks, and less representation in high-growth segments of the market, such as in the high net worth segment.

The company has undergone significant transformation and is today repositioned for growth. It has systematically reduced the pricing of its investment products over the past five years. It eliminated the deferred sales charge option on its mutual funds – a charge that clients paid if they redeemed their funds early.

It launched a series of high net worth product options, and eliminated the embedded fees that are paid for advice from all high net worth products. Clients can now clearly see the cost of the advice they are receiving and pay for it directly. The company has announced that it will move all clients to this new fee structure over the next 24 months, taking a leadership role on fee transparency in the Canadian market place.

To ensure all clients receive the best advice possible, the company has mandated that all advisors have, or are pursuing, the Certified Financial Planner designation – Investors Group already having more CFPs than any other firm in Canada.

Finally, Investors Group asked 1,000 of its advisors, who were not expected to build a successful practice, to leave the company. It also increased the recruiting standards for new hires. All this, while making heavy investments in digital transformation.

In 2017, the impact of all of these changes started to bear fruit.

Investors Group had the highest gross sales of mutual funds in its history, up 25 per cent from 2016, and had its best net sales of funds in over a decade, at $1.9 billion.

What's more, 46 per cent of sales went to high net worth clients, up from just 25 per cent in the fourth quarter of 2015.

Mackenzie Financial

The story is very similar at Mackenzie. Initially under Jeff Carney's leadership, and now under Barry McInerney, Mackenzie CEO since 2016, Mackenzie has spent the past several years investing in people, its brand, its products and its technology.

Over the past four years, Mackenzie has launched 51 mutual funds and 28 ETFs, or exchange-traded funds.

Mackenzie also had its best sales of mutual funds in its history in 2017, and had overall net sales of all investment products of $3.3 billion versus net redemptions of $0.8 billion in 2016.

In 2017, Mackenzie ranked third in the Environics Advisor Perception Study amongst 18 investment managers – clear evidence of the progress it has made during the past few years.

IGM Financial

As a result, IGM had combined net sales of investment products of $4.8 billion in 2017, the best year in its history.

The strong performance has continued in 2018. In the first three months, during a time of significant market volatility and declining industry net sales, IGM had net sales of $1.4 billion – the best first quarter result in its history.

Each of Investors Group and Mackenzie are increasing their market shares against key competitors in the Canadian market.

IGM also made a major change to its investment management operations in 2017.

Investors Group and Mackenzie have each had their own investment teams, but that approach failed to take full advantage of their best investment managers and processes. So in 2017, the company consolidated the two teams under Mackenzie – taking the best managers from each unit – resulting in a more accountable and higher performing investment management organization, with better client outcomes.

China AMC

In 2017, IGM Financial acquired a 13.9 per cent interest in China Asset Management, China's premier asset management company. It did so in partnership with Power Corporation, which itself added 3.9 per cent to its existing 10 per cent interest. We believe experience and long-term relationships with strong local partners will serve us best in pursuing opportunities in this large and dynamic market. Mackenzie and PanAgora (a very successful quantitative investment management company which is part of our group) have seized on the opportunity early, each working with China AMC to launch products: Mackenzie offering a China AMC sub-advised fund to the Canadian market and PanAgora advising on a China AMC product for the Chinese market.

Fintech

Power Financial, Great-West Lifeco and IGM Financial are also actively supporting the group's Fintech strategy, which has the dual objective of providing an attractive return on the capital invested and of helping our existing financial services businesses transform their models and enrich their clients' experiences. We anticipate continuing to support this strategy, and are very encouraged by the progress of companies such as Wealthsimple, Portag3 and Personal Capital.

Wealthsimple is Canada's largest robo-advisor by a significant margin. In just a few short years, it has grown to administer over $2 billion for Canadians – driven by the outstanding client experience it is providing.

The company has over 80,000 clients, and more than doubled its assets in 2017, with the growth continuing in 2018. Wealthsimple now has an offering which supports financial advisors who wish to use it as a platform for their clients.

Portag3 Ventures is our group's Fintech investment arm. Including Wealthsimple, it has $230 million invested in 32 companies in seven geographies. Portag3 has assembled an outstanding team of professionals and is focused upon opportunities with applicability in insurance, asset management, personal finance, wellness and digitization of financial services.

Portag3 has sponsored Diagram, a Fintech incubator based here in Montréal.

One of Diagram's companies is Dialogue, which provides a good example of how our Fintech efforts are benefiting our incumbent businesses, and vice versa.

Dialogue allows people to connect virtually with a team of medical professionals who provide similar service to an in-person appointment, and it offers this service to employers. The employer wins by providing a great feature to their employees and by reducing absenteeism, and the employees win by getting convenient access to medical professionals. Great-West Lifeco is now piloting Dialogue with some of its Canadian group customers, including some of its own employees in Canada, and has announced that the service will soon be rolled out to a large segment of its group customers.

Pargesa Holding

I will now turn to the Pargesa/GBL Group.

Power Financial holds a 27.8 per cent interest in Pargesa Holding.

Pargesa's net earnings were SF382 million in 2017 and contributed $131 million to Power Financial's adjusted net earnings.

Pargesa is led by managing director Arnaud Vial, who was appointed to this role in 2013.

Pargesa holds a 50 per cent interest in Groupe Bruxelles Lambert (GBL), the second-largest listed investment holding company in Europe, with a net asset value of €19 billion and a market capitalization of €15 billion at December 31, 2017.

As a leading investor in Europe, GBL strives to maintain a diversified high-quality portfolio composed of global companies that are leaders in their sector, through which it can contribute to value creation as an active professional investor. As an active investor, GBL adds value by sharing its experience, expertise and network across its portfolio of companies.

GBL is led by Co-CEOs Ian Gallienne and Gérard Lamarche who were appointed to their roles in 2012.

Upon becoming Co-CEOs, they initiated a rebalancing of GBL's portfolio with a view to strengthening the portfolio's growth profile and consequently optimize its potential for long-term value creation. This transformation has been pursued through a significant portfolio rotation, with disposals and acquisitions totalling €14 billion. It has led to a substantial shift from high-yielding assets in the energy and utilities sectors into growth assets in the industrial, business services and consumer goods sectors having greater exposure to long-term growth trends. Since the initiation of its portfolio rotation and diversification strategy in 2012, GBL has invested €5.7 billion in seven listed companies with a global market value of €8.5 billion, resulting in an unrealized capital gain of €2.8 billion.

GBL has consistently invested behind megatrends that should support growing revenues in its portfolio companies and thus contributing to further value creation. Recent investments are reflective of its strategy and include: sustainability and resource scarcity – Umicore; health and lifestyle – GEA, Parques and Burberry, which earlier this week GBL announced it has sold; and the shift in demographics and economic power towards emerging markets – Ontex.

The effectiveness of the recent portfolio rotation undertaken by GBL has been reflected in the growth of its portfolio net asset value (NAV). During 2017, GBL's NAV increased by €1.9 billion or 11 per cent to €18.9 billion while producing an attractive dividend yield of 3.3 per cent.

Corporate Social Responsibility

We believe that our success as a business is linked to our ability to manage responsibly and work together to create a more sustainable and inclusive future. At Power Financial, and also at our subsidiaries, we aim to do our part by creating jobs and economic prosperity, enabling financial security, promoting health and wellness, and by supporting social inclusion. Over the past year, we continued to build on our long-standing tradition of contributing to the communities in which we operate and strengthened our commitment to corporate social responsibility. I'd like to highlight a few of our 2017 achievements:

- As a signatory to the United Nations Global Compact, we published our second Advanced Level Communication on Progress, demonstrating our group companies' efforts in supporting the organization's ten principles on human rights, labour, the environment and the fight against corruption.
- We maintained our listing on the FTSE4Good Global Index – one of the most important indices that measures the performance of companies demonstrating strong environmental, social and governance practices.
- We responded to the Carbon Disclosure Project for the sixth consecutive year and obtained a score of A- (Leadership) for implementing a range of actions to manage climate change. It is also worth mentioning that as part of the 2017 edition of the CDP, four of the six top-ranked Canadian financial services companies are members of the Power group.
- Community investment contributions by our group companies (including our parent company, Power Corporation) totalled more than $48 million last year and, together, they supported 2,000 community organizations in Canada alone. Many community organizations benefit from the active involvement of our employees, whom we encourage to share their experience and expertise through volunteering.

First Quarter 2018 Earnings

I will now report on earnings of the Corporation for the first quarter of 2018.

Net earnings and adjusted net earnings were $586 million, or $0.82 per share, which was up 21 per cent from the first quarter of 2017 in the case of net earnings, and up 17 per cent in the case of adjusted net earnings.

Quarterly Dividend

At the meeting of the Board which was held earlier today, the Directors declared a quarterly dividend of 43.30 cents per share on the common shares of the Corporation.

Conclusion

Ladies and gentlemen, we are living in a world of rapid change, where technology is redefining almost all that we do in our daily lives.

Despite the degree of change, the opportunities to help meet the financial, physical and mental well-being needs of large populations will remain attractive for many decades to come, both from a business perspective and as a vital role to be played in society. Our companies are well placed to serve the needs of such populations in the future, occupying leading positions in almost all of the markets in which we operate.

In addition to meeting important needs of our clients and society, we are intently focused on creating long-term value for our shareholders through execution of the various strategies we are pursuing, and are as confident as ever on our ability to do so.

Allow me to express our thanks to you, our shareholders, for your continuing support, as well as to the management teams and to all the employees of our group companies for their outstanding work and for their active community involvement. We would also like to thank the thousands of financial advisors who work hard to serve the interests of their clients. Last, but certainly not least, we thank our clients for the trust they have shown and continue to show in our companies.