

Sun Limited Pay Life



Investment Account Options
December 31, 2018



How investing with Sun Limited Pay Life works:

1. With each payment that you make into the policy, provincial premium tax is deducted. Your payment then goes to the activity account, which is the daily interest account (DIA), before moving to any investment account.
2. Each account requires a minimum allocation of five per cent and a minimum of \$250 before you can move any investments from the DIA activity account to the selected investment accounts.
3. Interest is calculated daily as follows:
 - DIA accounts: interest is calculated daily and is guaranteed to never be negative.
 - Guaranteed interest accounts (GIAs): interest is calculated and compounded daily and is guaranteed never to be negative. When the term of the GIA matures, the balance of the account will roll into the DIA activity account, unless another account has been designated. Then it will be reinvested according to investment directions in place at that time.
 - Index and managed accounts: interest can be positive or negative. The credited interest rate for each account is earned daily and is equal to 100 per cent of the daily percentage change in the designated fund or index after the manager's management expense ratio (MER¹) has been applied. The resulting interest rate is then reduced by the associated Sun Limited Pay Life investment account management fee². This number is the credited interest rate for the designated investment account.
4. When you invest in an index or managed investment account you do not purchase any units or legal interest in the designated index or mutual fund. When you invest in a guaranteed or daily interest account you do not acquire an interest in Government of Canada Treasury bills or bonds.
5. Any funds you take out of a GIA before maturity may be subject to a market value adjustment (MVA). An MVA will apply only if, at the time of withdrawal, the current interest rate on a new GIA of the same term is higher than the interest rate on the GIA where you withdraw funds.
6. Any funds you take from the long-term managed portfolio account (except to pay for the cost of insurance) may be subject to an MVA. An MVA will apply only if, at the time of withdrawal, the Government of Canada long-term bonds are higher than the current interest rate on this account.

Choosing the right investment account option(s) is a very important part of your financial strategy. It should reflect your needs and goals, your performance expectations and the amount of time you have to reach your goals and the level of risk you are prepared to accept.

¹ MER information is provided by each fund manager. All MER data is as of December 31, 2018 unless otherwise stated.

² The management fees are calculated based on the number of days in the current calendar year.



The Sun Limited Pay Life investment account options include:

- Guaranteed interest accounts – these offer the lowest volatility with a guaranteed minimum rate of return to help preserve your principal.
- Long-term managed portfolio account – offers lower volatility through a diversified portfolio of real estate, equities, mortgages, bonds and loans with the assurance of a guaranteed minimum interest rate.
- Index and managed accounts – these provide a range of options from low to high volatility, offering the potential to earn higher rates of return but they also carry the risk that returns may be negative.

The Sun Limited Pay Life solution can incorporate investment account options in two different ways to meet two separate needs:

1. When your priority is to guarantee your coverage and payments, it is recommended that you choose only the daily interest account (DIA), the guaranteed interest account (GIA), or the long-term managed portfolio account. These investment accounts are listed under the heading “Guaranteed accounts.”
2. If your objective also includes a savings element, it is recommended that the guaranteed accounts be selected to cover the cost of insurance (COI) charges and the other investment accounts be considered for the savings element based on your personal risk profile.

Low volatility

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Moderate volatility

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High volatility

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ACCOUNT	ACCOUNT TYPE	FUND STRATEGY AND INVESTMENT OBJECTIVES	ASSET CLASS	VOLATILITY	MER	MANAGEMENT FEE
RISK: LOWER						
Daily interest account (DIA) Interest is calculated and credited daily.	Guaranteed	<ul style="list-style-type: none"> - The rate of return is guaranteed not to be less than 90% of the yield on a 30-day Government of Canada Treasury bill less 1.75%. - Holding account or interim solution leading to a long-term investment. - Guaranteed never to be less than 0% annually. 	Cash equivalent	Low	n/a	n/a
Guaranteed interest accounts (GIAs) Interest is calculated and credited daily.	Guaranteed	<ul style="list-style-type: none"> - The rate of return is guaranteed not to be less than 90% of the yield on current coupon of Government of Canada bonds with the same term less 1.75%. - Fixed-period term investment with a guaranteed rate of return. - Principal preservation. - Minimum guaranteed rates range from 0 - 1.5% annually. 	Term deposit	Low	n/a	n/a
Long-term managed portfolio account Interest is based on net average yields for a diversified portfolio of assets including bonds, mortgages, common stocks and real estate.	Guaranteed	- The Long-Term Managed Portfolio Account is currently only available for Sun Limited Pay Life plans. It is designed to provide the benefit of stable returns from investment in a variety of different assets, which may otherwise be inaccessible to most investors. This account is managed by Sun Life Financial and the performance is based on a portfolio of assets that includes holdings in fixed income, equity, mortgages and real estate. Guaranteed never to be less than 1.5% annually.	Asset allocation	Low	n/a	n/a
Canadian Bond Index Interest in this account is based on the performance of the FTSE TMX Universe Bond Index.	Index	- The FTSE TMX Universe Bond Index tracks the performance of investment-grade (BBB or better) government and corporate bonds in Canada.	Bond/Income	Low	n/a	2.00%
FPX Income Index* Interest in this account is based on the performance of the FPX Income Index.	Index	- The FPX Income portfolio consists of 20% in a 91-day T-bill; 50% evenly split among three Government of Canada bonds spanning a range of maturities; and 30% in equities allocated between i60s and SPDRs, which are index funds.	Bond/Income	Low	n/a	2.00%
RISK: MODERATE						
CI Portfolio Series Conservative Interest in this account is based on the performance of the Portfolio Series Conservative (Class A units) fund. Fund managers: CI Multi-Asset Management Fund net assets (all series): \$1,230.1 million	Managed	- This portfolio's objective is to provide a balance between income and capital growth at lower than average levels of volatility by investing in income and equity mutual funds.	Asset allocation (Blend)	Low	2.33%	0.00%
FPX Balanced Index* Interest in this account is based on the performance of the FPX Balanced Index	Index	- The FPX Balanced portfolio is a classic 50/50 portfolio and consists of 10% in a 91-day T-bill; 40% evenly split among three Government of Canada bonds spanning a range of maturities; and 50% in equities allocated among i60s, SPDRs and five iShares (index funds).	Canadian balanced	Low	n/a	2.00%

*FPX is a trademark of The National Post Company.

Volatility is measured based on the average of the rolling three year standard deviations over the last five years reported by Morningstar and Bloomberg. Funds are classified as low, medium or high based on their standard deviation relative to other investments in the product. Past performance is no guarantee of future results and a fund's historical volatility may not be indicative of future volatility.

ACCOUNT	ACCOUNT TYPE	FUND STRATEGY AND INVESTMENT OBJECTIVES	ASSET CLASS	VOLATILITY	MER	MANAGEMENT FEE
<p>CI Harbour Growth & Income</p> <p>Interest in this account is based on the performance of the Harbour Growth & Income (Class A units) fund.</p> <p>Fund managers: Roger Mortimer and Paul Sandhu</p> <p>Fund net assets (all series): \$2,169.1 million</p>	Managed	- This fund's objective is to obtain long-term total return through a prudent balance of income and capital appreciation. It invests primarily in equity and equity-related securities of mid-to large- capitalization Canadian companies and fixed income securities issued by Canadian governments and companies. The proportion of the fund's assets invested in equity and fixed income securities may vary according to market conditions.	Canadian balanced (Value)	Moderate	2.43%	0.00%
<p>CI Portfolio Series Balanced</p> <p>Interest in this account is based on the performance of the Portfolio Series Balanced (Class A units) fund.</p> <p>Fund managers: CI Multi-Asset Management</p> <p>Fund net assets (all series): \$3,801.6 million</p>	Managed	- This portfolio's objective is to provide a balance between income and long-term capital growth while diversifying risk by investing in income and equity mutual funds.	Asset allocation (Blend)	Moderate	2.43%	0.00%
<p>CI Signature Income & Growth</p> <p>Interest in this account is based on the performance of the Signature Income & Growth (Class A units) fund.</p> <p>Fund managers: Eric Bushell, Geof Marshall and John Shaw</p> <p>Fund net assets (all series): \$4,471.4 million</p>	Managed	- The fund seeks to provide a steady flow of current income while preserving capital by investing in a diversified portfolio of securities composed mainly of equity, equity-related and fixed income securities of Canadian issuers. The fund may also invest in foreign securities	Canadian balanced (Blend)	Moderate	2.41%	0.00%
<p>FPX Growth Index*</p> <p>Interest in this account is based on the performance of the FPX Growth Index.</p>	Index	- The FPX Growth portfolio consists of 10% in a 91-day T-bill; 20% allocated strictly to the medium-term bond, and 70% in equities allocated among i60s, SPDRs and the iShares.	Canadian balanced	Moderate	n/a	2.00%
<p>Mackenzie Ivy Foreign Equity</p> <p>Interest in this account is based on the performance of the Mackenzie Ivy Foreign Equity series A fund.</p> <p>Fund manager: Paul Musson</p> <p>Fund net assets (all series): \$4,275.9 million</p>	Managed	- The Fund pursues long-term capital growth, consistent with protection of capital. The Fund invests in equity securities worldwide, emphasizing companies that operate globally. The Funds investments are not limited geographically but generally do not include investments in emerging markets.	International/ Global equity (Blend)	Moderate	2.50%	0.00%
RISK: HIGH						
<p>American Equity Index</p> <p>Interest in this account is based on the performance of the S&P 500 Composite Total Return (\$Cdn) Index.</p>	Index	- The S&P 500 Composite Index tracks the common share price of 500 leading American companies. These are generally large companies that dominate their industries in the United States. The S&P 500 represents approximately 90 different industries from the industrial, transportation, finance and utility sectors.	U.S. equity	Moderate	n/a	2.00%
<p>Canadian Equity Index</p> <p>Interest in this account is based on the performance of the S&P/TSX 60 Total Return Index.</p>	Index	- The S&P/TSX 60 Total Return Index tracks the common share price of 60 leading companies in leading industries represented on the TSX 300. The companies selected represent important industry segments within Canada. The S&P/TSX 60 provides economic diversity over eleven market sectors that cover everything from technology, to communication services and health care. The Total Return index also includes re-investment of dividends and capital gains.	Canadian equity	Moderate	n/a	1.50%

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ACCOUNT	ACCOUNT TYPE	FUND STRATEGY AND INVESTMENT OBJECTIVES	ASSET CLASS	VOLATILITY	MER	MANAGEMENT FEE
<p>CI Harbour</p> <p>Interest in this account is based on the performance of the Harbour (Class A units) fund.</p> <p>Fund manager: Ryan Fitzgerald</p> <p>Fund net assets (all series): \$1,242.3 million</p>	Managed	- This fund's objective is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of high quality, large and mid-capitalization Canadian companies that the portfolio advisor believes have good potential for future growth.	Canadian equity (Value)	Moderate	2.43%	0.00%
<p>Fidelity NorthStar®</p> <p>Interest in this account is based on the performance of the Fidelity NorthStar-B fund.</p> <p>Fund managers: Daniel Dupont and Joel Tillinghast</p> <p>Fund net assets (all series): \$6,587.8 million</p>	Managed	- The Fund aims to achieve long-term capital growth. It invests primarily in equity securities of companies anywhere in the world.	International/ Global equity (Blend)	Moderate	2.31%	0.00%
<p>Fidelity True North®</p> <p>Interest in this account is based on the performance of the Fidelity True North-B fund.</p> <p>Fund manager: Maxime Lemieux</p> <p>Fund net assets (all series): \$4,318.2 million</p>	Managed	- The investment objective of the Fund is to achieve long-term capital growth. The Fund seeks to achieve its objective by investing primarily in Canadian equity securities.	Canadian equity (Blend)	Moderate	2.25%	0.00%
<p>Mackenzie Cundill Value</p> <p>Interest in this account is based on the performance of the Mackenzie Cundill Value Series "A" fund.</p> <p>Fund managers: Jonathan Norwood and Richard Wong</p> <p>Fund net assets (all series): \$1,901.4 million</p>	Managed	- The Fund pursues long-term capital growth from investments primarily in equity securities. The Fund may invest the majority of its assets in the securities of companies in a single country or a single industry, depending on prevailing market conditions.	International/ Global equity (Value)	Moderate	2.50%	0.00%
<p>Sun Life MFS US Equity</p> <p>Interest in this account is based on the performance of the Sun Life MFS U.S. Equity Series D fund.</p> <p>Fund manager: Sun Life Global Investments (Canada) Inc.</p> <p>Fund net assets (all series): \$508.7 million</p>	Managed	- The Fund aims for long-term capital growth by investing primarily in companies domiciled in the United States or whose primary stock exchange listing is in the United States.	U.S. equity (Growth)	Moderate	1.61%	1.15%

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Fund descriptions have been provided by the fund managers of their respective companies to ensure accuracy.

Further information is also available

- For product details, please refer to the Sun Limited Pay Life client guide.
- For up-to-date returns on these accounts and other product related information, please visit www.sunlife.ca.

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Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under ticker symbol SLF.

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