

PRIVATE FIXED INCOME (PFI)

All values as of December 31, 2023



All participating (Par) insurance investment accounts are well-diversified, but each insurer’s investment mix varies. A competitive advantage for Sun Life is our Private Fixed Income (PFI). We have one of the largest PFI teams in North America, with 53 investment professionals averaging 17 years of experience. Our strong market position often allows us first selection of the best PFI investment opportunities. It is a source of increased return in our Par portfolio and inaccessible to most investors.

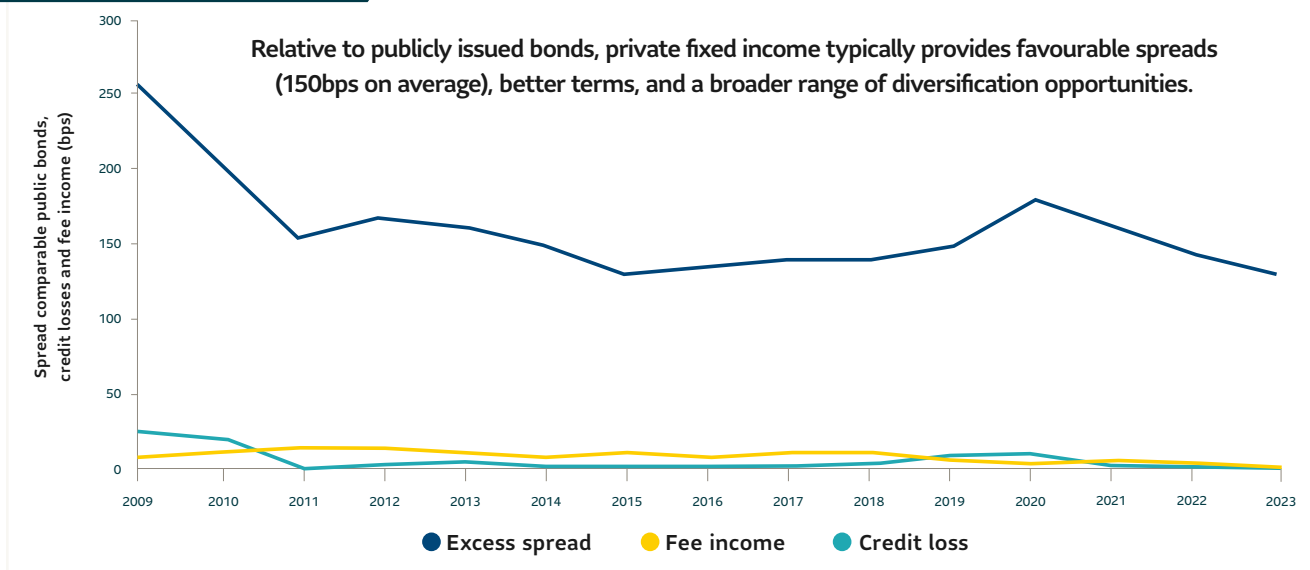
What is PFI?

It’s a form of debt financing issued by private or public companies without a public credit rating. The private lending agreement describes the covenants of each investment, including interest rate, specific lending covenants, loan collateral, and borrower penalties for breaches. Sun Life’s in-house private fixed income team is responsible for sourcing new volume and management of all private fixed income holdings.

Benefits

A big benefit of PFI is its exclusivity. There are fewer investors in the private space than public markets - largely due to the higher cost of entry. The powerful position of Sun Life in this market and the customizable nature of these contracts allows our PFI team to negotiate favourable issue terms, often providing an increased return when compared to similar public debt. Many have long durations and are well suited to match against insurance and pension liabilities. In return, our PFI borrowers can get financing relatively quicker than public market debt, with lower upfront costs, and greater customization.

Superior returns

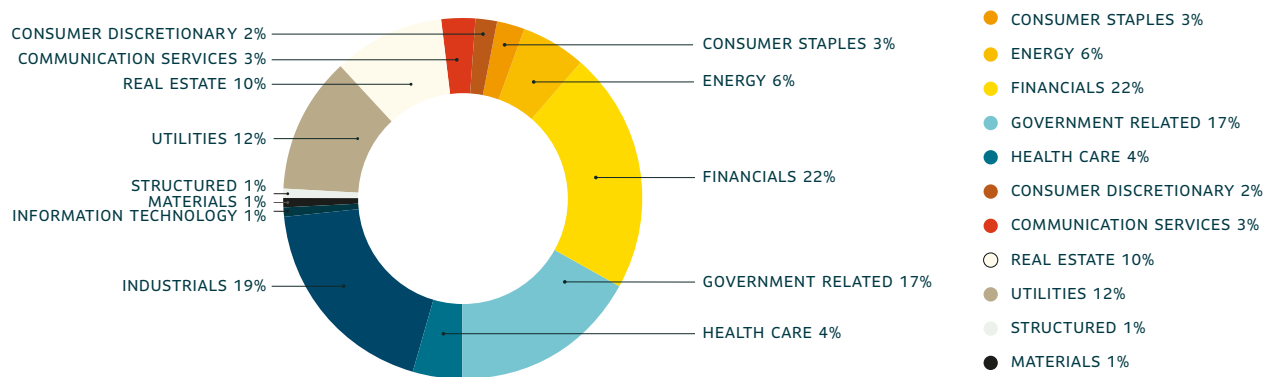




Sun Life’s holdings

Sun Life’s PFI holdings are diversified by quality and sector. They can be split into three broad groups: private securitization finance, project financing, and private debt. Sun Life has \$50B in total PFI holdings, of which \$3.3B is in the Par account. 17.6% of the Par account is currently allocated to PFI - approximately double the proportion of our Canadian competitors’ Par account mix.

Sun Life Par PFI by sector



Sun Life Par PFI examples

Ontario Transmission Line with First Nation Communities

A \$220-million financing of 24 Ontario First Nation communities in support of their equity interest in a partnership with a major utility company. Sun Life committed \$110-million of senior term loan, and proceeds of the loan will be used to develop and construct a 1,700+km transmission line in northwest Ontario. The project will connect these First Nation communities currently powered by diesel to the electrical grid with reliable and accessible power.

Bell Canada Headquarters:

This Class A office complex consists of 5 low rise buildings located just minutes from the central business district of downtown Montreal. Sun Life financed \$60-million of a \$200-million senior term loan. The 5-year loan is secured by the entire property, including rentals. The loan is serviced from the net rental income pursuant to the 20-year triple-net lease to Bell Canada.

Talk to your Sales Director about Sun Life’s participating life insurance today.

We help. You grow.

Sun Life Assurance Company of Canada is a member of the Sun Life group of companies.
© Sun Life Assurance Company of Canada, 2024. 810-5067-04-24

