

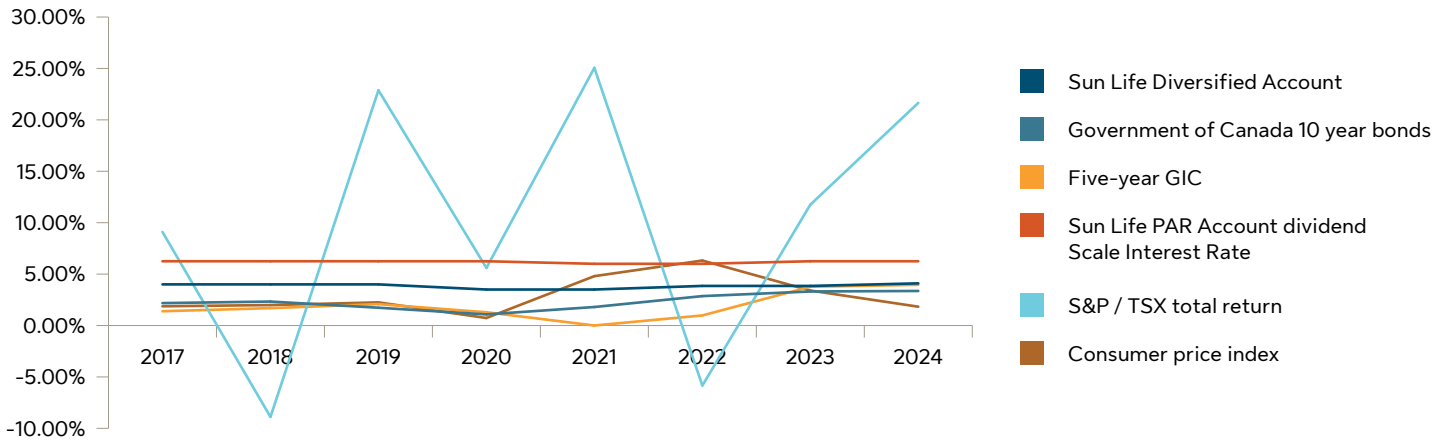


Sun Life Diversified Account

How is the SLDA different from the Par account?

The SLDA earns an interest rate based on the average smoothed yield of a variety of investments. To help minimize volatility of returns we use a smoothed portfolio asset yield to set the interest rate. The process of smoothing involves amortizing gains and losses on assets within the portfolio over time. To understand how this smoothing differs from the mechanism in the Sun Life Par account it is important to identify the difference between the rate of return and the dividend-scale interest rate for our Clients.

Sun Par account & SLDA average historical rate of return since 2017



If both the SLDA and the Sun Life Participating account are backed by a similar type of portfolio, why are the crediting rates different?

Rate of Return

- Refers to the gain or loss on an investment over a specific period
- Includes both income (dividend interest) and capital gains / losses and reflects the total performance of an investment
- The SLDA has a guaranteed return of >0% allowing returns to remain positive.

*Please note not all investment funds have 0% return guarantee and may experience negative returns

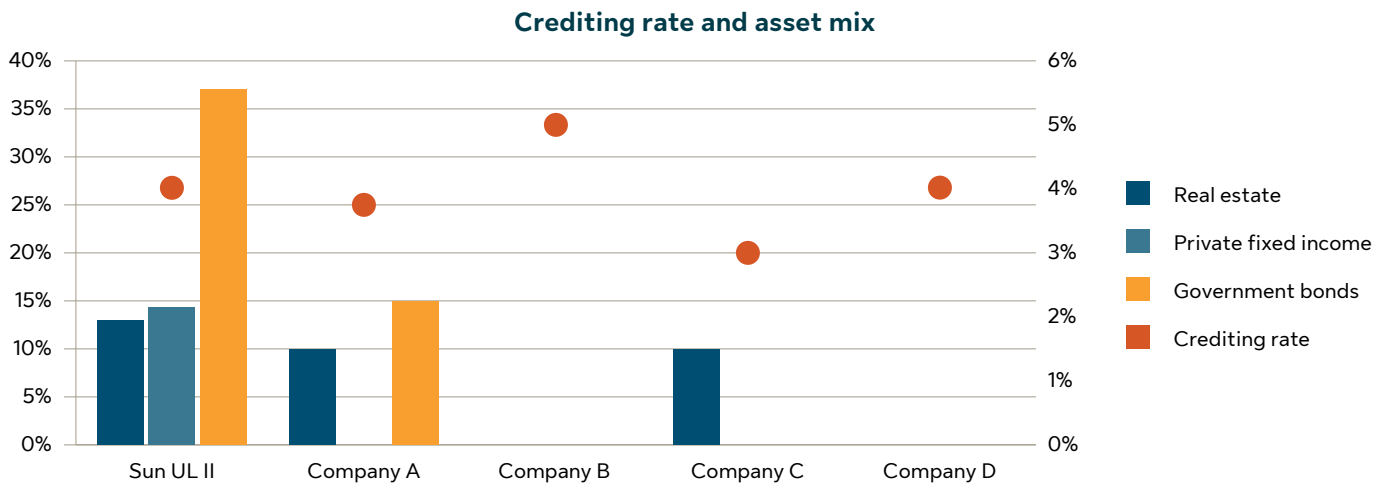
Dividend Scale Interest Rate

- Represents the interest rate used in the dividend calculation, not the actual return on the policy
- It reflects the investment experience portion of a dividend only and does not account for other factors like mortality and expenses.
- DSIR is specific to participating life insurance policies
- Used by insurance companies to determine policyholder dividends
- Typically, more stable than market rates of return

Currently, SLDA credits a rate of 4.1%, and the dividend scale interest rate for participating products is 6.25%. Although both have similar asset mixes, the actual assets within each fund are different. The SLDA is a non-par account, so its expenses and capital requirements are different and factored into the fund return. There is also a hedge in the fund to support the 0% guarantee.

How does the SLDA crediting rate stack up?

The SLDA credits interest to the policy based on a smoothed return of a portfolio made up of private fixed income, real estate, bonds mortgages and equities. There is no MER, and it has a 0% minimum credited rate guarantee. The SLDA is currently crediting 4.10 %, a rate that been maintained since February 29, 2024. Our smoothed UL account has one of the highest crediting rates of any of our competitors and returns are guaranteed to never be negative.



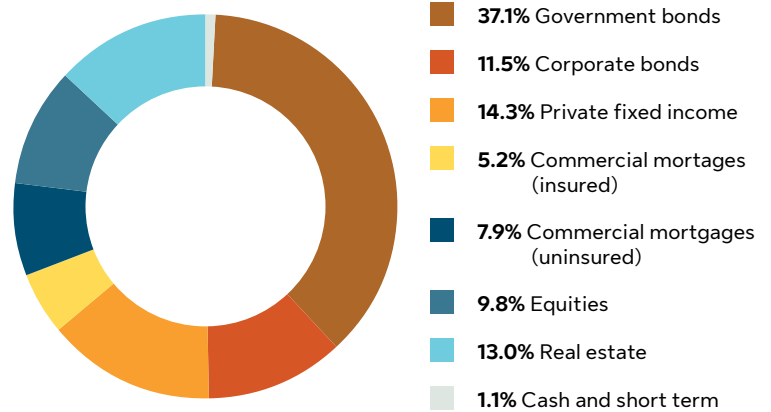
*For illustrative purposes only, all companies have a 0% minimum guarantee unless otherwise stated. Company C has a 1% minimum guarantee. Company B includes a 1% bonus until February 2029 with a 0% minimum guarantee.

Highlighting our asset mix

The main strengths of the SLDA asset mix compared to our competitors are government bonds, private fixed income, and real estate.

We manage the public bond portfolio to help generate consistent and stable returns while providing liquidity relative to publicly favorable spreads, better terms, and diversification opportunities. Our private fixed income team is recognized as a leader and one of the most active players in the private fixed income market. The Canadian real estate portfolio is a well-diversified collection of office, industrial, retail and multi-unit residential properties. Much of the portfolio is comprised of high-quality, income-producing properties with virtually no leverage.

December 31, 2024 asset mix



Key competitive advantages

- **Strong asset diversification** with strategic concentrations in government bonds, private fixed income, and real estate.
- **Expert portfolio management** leveraging Sun Life’s recognized leadership in private fixed income markets and proven ability to generate consistent, stable returns through active public bond management.
- **Prudent risk management** through hedging strategies that support the 0% guarantee while maintaining competitive crediting rates.

The Sun Life Diversified Account (SLDA) stands out as a compelling investment solution that effectively balances security with competitive returns. With its 0% minimum guarantee and current 4.1% crediting rate, the SLDA provides Clients with both downside protection and attractive growth potential. The SLDA effectively demonstrates Sun Life’s commitment to delivering innovative insurance solutions that meet Client needs in today’s dynamic market environment.



We help. You grow.