

SUN LIFE PARTICIPATING ACCOUNT

Public bond holdings

All values as at June 30, 2018

Participating account details

Total public bond assets: \$3,861.9 million

Proportion of total invested assets of the Sun Life Participating Account: 37.9%

Investment mix at June 30, 2018

| | \$ millions | Percentage |
|---------------------------|----------------|---------------|
| Government bonds | 2,504.8 | 64.9% |
| Corporate bonds | 1,357.0 | 35.1% |
| Total public bonds | 3,861.9 | 100.0% |

Investment term at June 31, 2018

| | \$ millions | Percentage |
|---------------------------|----------------|---------------|
| 0 to 5 years | 362.6 | 9.4% |
| Over 5 years | 3,499.0 | 90.6% |
| Total public bonds | 3,861.9 | 100.0% |

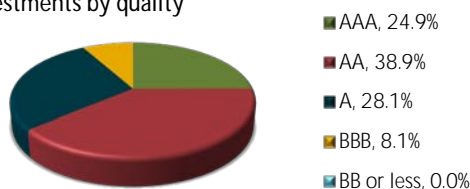
Major holdings at June 30, 2018

| | Percentage of public bond holdings | Percentage of total participating assets |
|-----------------------------|------------------------------------|--|
| Gov. of Canada | 18.6% | 7.0% |
| Province of Ontario | 12.4% | 4.7% |
| Province of Quebec | 7.2% | 2.7% |
| Province of B.C. | 4.7% | 1.8% |
| Province of Saskatchewan | 4.7% | 1.8% |
| Province of Nova Scotia | 3.2% | 1.2% |
| Province of Newfoundland | 3.2% | 1.2% |
| Province of New Brunswick | 2.8% | 1.1% |
| Bank of Nova Scotia | 2.5% | 1.0% |
| Gov. of United States | 2.4% | 0.9% |
| Total major holdings | 61.7% | 23.4% |

Investment guidelines

Sun Life Financial's in-house public bond team manages the public bond portfolio to generate consistent returns, provide liquidity and stable income. We achieve this by maintaining a high quality portfolio while adding value through security selection based on detailed analysis and sector rotation that focuses on market trends. The portfolio is a mix of government and corporate issues diversified across geography, sector, investment quality and term to maturity. The quality of the portfolio is high, with 100% of new purchases classified as investment grade.

Investments by quality



The public bond portfolio is also diversified across a broad range of economic sectors.

Corporate bonds by sector

