

# SUN LIFE PARTICIPATING ACCOUNT

Total account

All values as at March 31, 2020

## Participating account details

Total participating account invested assets: \$12,120.74 million

## Investment objectives

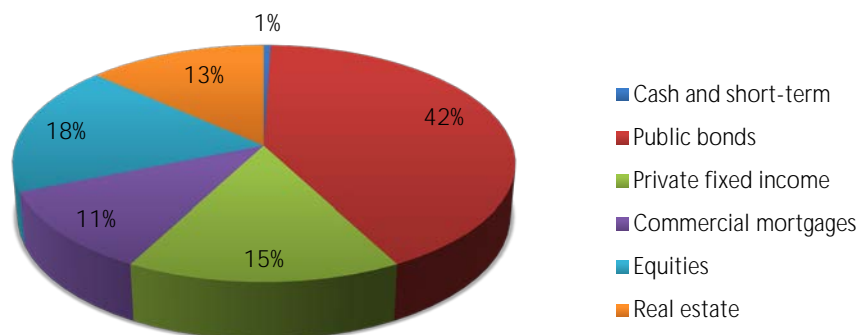
The primary objective of the Sun Life Participating Account is to provide superior performance with low volatility.

## Investment summary

Sun Life's in-house investment teams manage the Sun Life Participating Account. This provides enhanced quality control and cost-effectiveness along with the opportunity to better customize the portfolio to meet the long-term needs of our participating policyholders. We use a total rate of return investment approach to manage a variety of asset classes through the progression of business cycles.

In general, we seek excess yield in the private markets such as private fixed income, commercial mortgages and real estate, while looking to the public markets for liquidity and steady income. We invest in high quality investments both in the private markets and public markets while capturing market opportunities to the extent risk-return opportunities arise. The operating guidelines for Sun Life investments contain maximum weightings by asset type, sector and geographic exposure. We follow these guidelines and target allocations to help maintain a well-diversified portfolio with superior risk adjusted returns in the long term.

## Account composition



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## Investment guidelines

We set the investment guidelines for each asset category within the Sun Life Participating Account to help ensure the long-term objectives, liabilities, liquidity requirements and interest rate risks are being met. The guidelines are reviewed every year by Sun Life's Asset Liability Committee.

The portfolio management team, part of the investment team, monitors the overall asset mix of the participating account to ensure the assets are managed in the most efficient manner, thereby maximizing both investable assets and investment flexibility. Value-added strategies may be implemented through tactical asset allocation, duration positioning and credit yield enhancement relative to the benchmark asset mix while adhering to risk and liquidity constraints. Value-added management assists with favourable experience for participating policyholders and helps to enhance the overall yield of the Sun Life Participating Account.

## Sun Life Participating Account asset mix and investment guidelines – March 31, 2020

	\$ millions	Percentage	Guideline
Short-term assets			
Cash and short-term	\$62.36	0.51%	0% to 4%
Fixed income			
Public bonds	\$5,062.69	41.77%	33% to 49%
Private fixed income	\$1,869.07	15.42%	5% to 20%
Commercial mortgages	\$1,347.77	11.12%	4% to 20%
Non-fixed income			
Equities	\$2,164.78	17.86%	9.5% to 25.5%
Real estate	\$1,614.07	13.32%	12% to 22%
Total invested assets	\$12,120.74	100.0%	
Policy loans	\$1,007.30		
Other assets	\$88.80		
Total participating assets	\$13,216.84		

All values are current market values as at March 31, 2020 and do not include accrued interest.