

SunUniversalLife II

Investment Account Options



Life's brighter under the sun

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SunUniversalLife II Investment Account Options

This guide provides you with an overview of the investment account options available with SunUniversalLife II. It can help you understand the differences between the options so you can select a mix that meets your needs.

How investing in SunUniversalLife II works

Payment flexibility is one of the key advantages of SunUniversalLife II. You can choose to make payments to your policy within minimum and maximum limits as set out in the Income Tax Act (Canada).

When we receive your SunUniversalLife II policy payment, we deduct provincial premium tax. The balance of your payment is added to the policy fund and allocated to the investment account options you selected to help you achieve lifetime financial security. Each investment account option must have a minimum of \$100 before money is allocated to your selected investment options. All subsequent allocations and transfers to each account must be at least \$100. Investment account options are chosen at the time of application and can be changed at any time.

Each month we'll credit interest to the investment accounts based on the net rate of return of the underlying investment selected. Positive returns result in a positive interest rate and increase your policy fund value. Negative returns result in a negative interest rate and decrease your policy fund value. Every month, money is deducted from your policy fund to pay for the cost of insurance for your plan.

When you invest in any of the managed account options or the Sun Life Diversified Account you don't purchase any units or have any legal interest in the underlying investment fund or individual investments.

SunUniversalLife II lets you choose from the following investment account options:

- **Daily interest account (DIA):** Works similar to a savings account. Interest is credited daily and is guaranteed to never be negative.
- **Guaranteed interest accounts (GIA):** A fixed-term deposit with a guaranteed rate of interest. Interest is calculated and compounded daily and is guaranteed to never be negative. When the term of the GIA matures, you have the option to reinvest the proceeds to a new GIA of the same term or select another investment option.
- **Managed accounts:** These account options credit interest based on the performance of an underlying investment fund. Interest credited can be positive or negative. The credited interest rate for each account is earned daily and is equal to 100% of the daily percentage change in the designated investment fund after the manager's Management Expense Ratio (MER) and any associated SunUniversalLife II investment account management fees have been applied.¹
- **Sun Life Diversified Account:** Interest is earned daily and is based on the average yield of a variety of investments including private fixed income, real estate, bonds, mortgages and equities. The interest credited on this account will never be negative.

MER information is provided by each fund manager. All MER data is as of December 31, 2022 unless otherwise stated. The management fees are calculated based on the number of days in the current calendar year.

Choosing your investment account mix

The relationship between risk and reward is a simple one: the more risk you're willing to take, the greater the potential reward and the greater the potential for loss. History has shown that most investments typically increase in value over the long-term, however, in the short-term, the values of some investments are far more volatile than others. You can help reduce fluctuations in the value of your investments by diversifying. How you allocate your investments within your savings and insurance contracts is one of the most important aspects of constructing a portfolio.

Choosing the right investment account option(s) for your SunUniversalLife II policy is an important part of your financial strategy. It should reflect your needs, goals, performance expectations, time horizon and the level of risk you are prepared to accept. Your personal investment knowledge, annual income and overall net worth also play an important role in determining how conservative or aggressive your asset mix should be.

Together with your advisor, you can determine the mix of investment account options that's right for you. Consider the following questions when selecting your investment account mix.

- **What's the purpose of the insurance you're purchasing?** Think about what you will be using your universal life policy for. If you plan to access the policy cash value to supplement retirement income you may want to consider ensuring a portion of your policy fund is invested in low volatility options as your retirement nears. If the policy was purchased to provide long-term growth in cash values and death benefit then market based managed options may be more suitable.
- **Will you require access to policy cash values in the short-term, long-term or not at all?** If you require access to the cash within your policy in the short-term then low volatility investments may be your best option. If you don't anticipate needing access to your policy values for many years, then equity market based managed accounts have the potential to provide higher returns and may be a good fit with your objectives.
- **Are you willing to experience some extended periods of volatility in exchange for potentially higher long-term returns?** Managed accounts based on equity markets will naturally have more ups and downs over time. If you aren't comfortable with these fluctuations, then a guaranteed interest option may be a better fit with your risk tolerance.
- **If your policy fund decreases in value due to unfavourable market conditions, how long are you willing to wait for your investment to recover?** Investment options with higher volatility ratings may take longer to recover from a drop in value. Consider your time horizon when choosing your asset mix.
- **What rate of return do you expect to receive?** If you're looking for capital preservation or simply want to keep pace with inflation, then an investment option with low volatility like a guaranteed interest account may be suitable. If you want some growth or are looking to outpace inflation, then a selection of managed accounts may be more appropriate.

SunUniversalLife II is flexible and allows you to change your investment account mix as your needs change. It's important to remember that your portfolio should be reviewed with your advisor every year. This helps ensure that if your financial goals or personal circumstances have changed, you can appropriately rebalance your investments.

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Guaranteed accounts						
Daily interest account	<ul style="list-style-type: none"> Similar to a savings account, interest is calculated and credited daily. Can act as a holding account leading to a longer-term investment. 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%. Rate of return is guaranteed to never be negative. 	Cash Equivalent	Low	n/a	n/a	n/a
Guaranteed interest accounts	<ul style="list-style-type: none"> Fixed-period term investment with a guaranteed rate of return. Available with terms of 1, 3, 5 and 10 years. Rate of return is guaranteed not to be less than 90% of the Government of Canada Bond rate with the same term, less a management fee of 1.75%. Rate of return is guaranteed to never be negative. 	Cash Equivalent	Low	n/a	n/a	n/a
Sun Life Diversified account						
Sun Life Diversified Account	<ul style="list-style-type: none"> The Sun Life Diversified Account earns a daily interest rate based on the average smoothed yield of a variety of investments including private fixed income, real estate, bonds, mortgages and equities. Changes in the market value of underlying assets are included over a longer period of time, helping to reduce overall volatility. Rate of return is guaranteed to never be negative. 	Canadian Fixed Income Balanced	Low	n/a	n/a	n/a

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Managed accounts (Portfolio-based)						
Sun Life Granite Conservative Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Conservative Portfolio, Series A. The fund's investment objective is to seek income and capital appreciation, with a bias towards income, by investing primarily in fixed income mutual funds and, to a lesser extent, equity mutual funds. 	Global Fixed Income Balanced	Low	Fund manager: SLGI Asset Management Inc. Fund net assets: \$1,796.6 million	1.88%	0.00%
Sun Life Granite Moderate Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Moderate Portfolio, Series A. The fund's investment objective is to seek income and capital appreciation by investing primarily in a mix of fixed income and equity mutual funds. 	Global Neutral Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$1,781.8 million	2.16%	0.00%
Sun Life Granite Balanced Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Balanced Portfolio, Series A. The fund's investment objective is to seek capital appreciation and income for the portfolio, with a small bias towards capital appreciation, by investing primarily in a mix of equity and fixed income mutual funds. 	Global Neutral Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$4,568.2 million	2.20%	0.00%
Sun Life Granite Income Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Income Portfolio, Series A. The fund seeks to generate a consistent level of income by investing primarily in a mix of income-focused fixed income and equity mutual funds (including exchange traded funds). 	Tactical Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$159.8 million	1.89%	0.00%

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Managed accounts (Portfolio-based) continued						
Sun Life Granite Enhanced Income Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Enhanced Income Portfolio, Series A. The fund seeks to generate a consistent level of income by investing primarily in a mix of income-focused fixed income and equity mutual funds (including exchange-traded funds), with an emphasis towards higher yielding investments. 	Tactical Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$281.7 million	2.21%	0.00%
Sun Life Granite Balanced Growth Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Balanced Growth Portfolio, Series A. The fund's investment objective is to seek capital appreciation and income, with a bias towards capital appreciation, by investing primarily in equity mutual funds and, to a lesser extent, fixed income mutual funds. 	Global Equity Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$1,822.2 million	2.25%	0.00%
Sun Life Granite Growth Portfolio	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Granite Growth Portfolio, Series A. The fund's investment objective is to seek capital appreciation by investing primarily in equity mutual funds and, to a lesser extent, fixed income mutual funds. 	Global Equity Balanced	Low-to-medium	Fund manager: SLGI Asset Management Inc. Fund net assets: \$1,645.2 million	2.30%	0.00%

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Managed accounts						
Sun Life MFS Canadian Bond	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life MFS Canadian Bond Fund, Series A. The fund aims to provide investors with high investment returns primarily through income, with reasonable safety of capital. 	Canadian Fixed Income	Low	Fund manager: MFS Investment Management Canada Limited Fund net assets: \$141.0 million	1.29%	0.00%
CI Canadian Income & Growth	<ul style="list-style-type: none"> Interest is based on the performance of the CI Canadian Income & Growth Fund, Series A. 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. 	Global Neutral Balanced	Low-to-medium	Fund manager: CI Global Asset Management Fund net assets: \$3,862.2 million	2.43%	0.00%
Sun Life Dynamic Strategic Yield	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life Dynamic Strategic Yield Fund, Series A. The fund seeks to achieve income and long-term capital growth by primarily investing directly in a diversified portfolio of fixed income and income-oriented equity securities, or indirectly by investing in mutual funds and exchange-traded funds that invest in such securities. 	Tactical Balanced	Low	Fund manager: SLGI Asset Management Inc. Fund net assets: \$154.0 million	2.24%	0.00%
Sun Life MFS Canadian Equity	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life MFS Canadian Equity Fund, Series A. The fund aims for long-term capital growth primarily by investing in Canadian securities. The fund may invest in global equity securities or other mutual funds. 	Canadian Focused Equity	Low-to-medium	Fund manager: MFS Investment Management Canada Limited Fund net assets: \$984.3 million	2.18%	0.00%

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Managed accounts continued						
CI Canadian Equity Corporate Class	<ul style="list-style-type: none"> Interest is based on the performance of the CI Canadian Equity Corporate Class, Series A. This fund's objective is to achieve long-term capital growth by investing, directly or indirectly, primarily in equity securities of Canadian companies. Indirect investments may include convertible securities, derivatives, equity-related securities and securities of other mutual funds. 	Canadian Focused Equity	Medium	Fund manager: CI Global Asset Management Fund net assets: \$1,405.6 million	2.44%	0.00%
Sun Life MFS US Equity	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life MFS US Equity Fund, Series A. 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. 	US Equity	Medium	Fund manager: MFS Investment Management Canada Limited Fund net assets: \$662.5 million	2.23%	0.00%
Sun Life MFS Global Value	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life MFS Global Value Fund, Series A. The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of issuers located anywhere in the world that are considered to be undervalued compared to their perceived worth. 	Global Equity	Medium	Fund manager: MFS Institutional Advisors, Inc. Fund net assets: \$469.4 million	2.40%	0.00%
Managed accounts (Index-based)						
Sun Life BlackRock Canadian Universe Bond	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life BlackRock Universe Bond Fund, Series I. The fund's investment objective is to provide income by replicating, to the extent possible, the performance, net of fees, of the FTSE TMX Canada Universe Bond Index. 	Canadian Fixed Income	Low	Fund manager: BlackRock Asset Management Canada Limited Fund net assets: \$1,684.4 million	n/a	1.50%

Account option	Account option details and investment objective	Asset class	Volatility	Underlying fund details (December 31, 2022)	Underlying fund MER	Universal life management fee
Managed accounts (Index-based) continued						
Sun Life BlackRock Canadian Equity	<ul style="list-style-type: none"> Interest is based on the performance of the Sun Life BlackRock Canadian Equity Fund, Series A. The fund's investment objective is to seek capital appreciation by investing primarily in Canadian equity securities directly or indirectly through mutual funds and exchange traded funds that invest in such securities. 	Canadian Focused Equity	Low-to-medium	Fund manager: BlackRock Asset Management Canada Limited Fund net assets: \$222.5 million	1.86%	0.00%
BlackRock US Equity Index	<ul style="list-style-type: none"> Interest is based on the performance of the BlackRock US Equity Index Fund. The fund seeks to replicate the return and risk characteristics of the S&P 500 Index Total Return. 	US Equity	Medium	Fund manager: BlackRock Asset Management Canada Limited Fund net assets: \$13,435.1 million	n/a	1.50%
BlackRock Global Equity Index	<ul style="list-style-type: none"> Interest is based on the performance of the BlackRock MSCI ACWI Ex-Canada Index Fund. The fund aims to closely track the MSCI ACWI Ex-Canada Index by investing in a broadly diversified portfolio of securities of companies located around the world, including emerging countries. 	Global Equity	Medium	Fund manager: BlackRock Asset Management Canada Limited Fund net assets: \$2,056.6 million	n/a	1.50%

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