Helping you manage portfolio volatility

Sun Life Diversified Account
available with SunUniversalLife II

Life’s brighter under the sun
Investment management approach

The Sun Life Diversified Account uses a total rate of return investment approach by managing a variety of asset classes throughout economic and business cycles.

Methods to enhance or improve the overall return are used, including tactical asset allocation strategies that take advantage of shorter-term market opportunities. Additional strategies are used to look for ways of improving the risk and return relationship of fixed income assets within the portfolio.

Smoothed returns

To minimize the volatility of returns, a smoothed portfolio asset yield will be used to set the interest rate. The process of smoothing involves amortizing gains and losses on assets within the portfolio over time. The resulting smoothed return helps to lower volatility and generate more stable, long-term returns.

It's important to remember that when you invest in the Sun Life Diversified Account you’re not actually purchasing units or acquiring an ownership interest in the account. Your policy is credited with interest based on the smoothed return of this account.* The interest rate is subject to change at any time. Sun Life guarantees that the interest rate credited to your policy will never be negative.

Professional management and diversification

Diversification within your portfolio is important to help ensure that exposure to any one particular asset class is limited. The Sun Life Diversified Account invests in a variety of assets helping to contribute to more stable, long-term returns. As the assets within this account are only available by purchasing a SunUniversalLife II policy, you have access to an even broader range of diversification opportunities. The target weightings for each asset class category are reviewed regularly to help ensure the long-term objectives, liabilities, liquidity requirements and interest rate risks are being met.

The asset classes represented within the Sun Life Diversified Account are managed by Sun Life Financial’s in-house investment teams. Sun Life Financial has a well-diversified and high-quality asset portfolio that adheres to a research-based process conducted by more than 200 experienced professionals and support staff. We only buy what we know, and we make sure our investments are diversified in various industries, companies, asset classes and financial instruments.
Sun Life Diversified Account — target asset mix

Private fixed income

Relative to publicly issued bonds, private fixed income provides favourable spreads, better terms and diversification opportunities. Sun Life’s private fixed income team is recognized as a leader and one of the most active players in the private fixed income market. Private fixed income includes: lease financing, project financing, and private debt consisting of high-quality investments that are well-diversified by sector. The highly negotiated and customized nature of these investments allows Sun Life to achieve yields in excess of comparably-rated public securities.

Real estate

The Canadian real estate portfolio is a well-diversified collection of office, industrial, retail and multi-unit residential properties with holdings in all the major markets across Canada. The majority of the portfolio is comprised of high-quality, income-producing properties with virtually no leverage.

Public bonds

The public bond portfolio is managed to generate consistent and stable returns while providing liquidity. This is achieved by maintaining a high-quality portfolio while adding value through security selection. The portfolio is a mix of government and corporate issues diversified across geography, sector, investment quality and term to maturity.
Mortgages

Sun Life’s mortgage team is recognized as a reliable lender with the ability to fund large transactions and the flexibility to create a customized loan structure. The mortgage portfolio is high quality and is diversified across property type including: retail, multi-family, and office/industrial. Holdings are diversified across Canada’s major urban centres.

Equities

This component of the Sun Life Diversified Account invests to benchmark the performance of the S&P/TSX index.

Talk to your advisor about how the Sun Life Diversified Account can help you manage volatility within your universal life portfolio.

*Withdrawals from the Sun Life Diversified Account not used to pay for policy charges may be subject to a Market Value Adjustment.*
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Like many Canadians, managing the ups and downs of your investment portfolio is an important part of your long-term financial strategy. SunUniversalLife II was designed to provide flexibility to clients who want some control over how the assets within their policy are invested.

The Sun Life Diversified Account is an investment account option only available with SunUniversalLife II that helps you manage volatility within your universal life portfolio. The account earns an interest rate based on the average smoothed yield of a variety of investments including: real estate, private fixed income, bonds, mortgages and equities.
Questions? We’re here to help.

Talk to your advisor about Sun Life Financial today!
For more information and resources visit www.sunlife.ca | Call 1 877 SUN-LIFE / 1 877 786 5433

We’re dedicated to helping you achieve lifetime financial security.

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