

# Armstrong

— Financial Services —

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## How Your Universal Life Investment Fund Was Designed

To support your policy, we've structured the investment component using a **50/50 blend** of two high-quality funds — one for long-term growth and the other for stability. The goal is to ensure your policy remains fully funded, with predictable and consistent performance over the funding period

We've illustrated the policy using a **projected total return of 5.25%**, based on reasonable long-term assumptions. We also show a conservative scenario at **4.25% total return** to test how the plan performs under lower return conditions. If performance exceeds 4.25%, the surplus remains inside the policy and can be distributed tax-free to your beneficiaries.

### 1. **50% – S&P 500 Index Exposure**

**Fund: BlackRock CDN U.S. Equity Index Fund**

This portion of your fund is allocated to the **BlackRock S&P 500 Index Fund**, a Canadian-dollar fund that passively tracks the performance of the 500 largest publicly traded U.S. companies. It is priced daily in Canadian dollars and offered in collaboration with BlackRock, the world's largest asset manager, providing broad exposure to the U.S. equity market.

- Long-term average (USD): ~10% annually
- Used return for 50% of the **5.25% projection: 6.50%**
- Used return for 50% of the **4.25% conservative case: 5.00%**

### 2. **50% – Proprietary Smoothed Fixed Income**

**Fund: Sun Life Diversified Account (SLDA)**

The other half is invested in **SLDA**, a professionally managed, multi-asset portfolio designed specifically for insurance contracts. It includes government and corporate bonds, mortgages, infrastructure, and real estate. Over **98% of assets are investment grade**, offering strong credit quality and stability.

SLDA uses a **7-year smoothing formula**, which spreads out market gains and losses over time. This reduces volatility, stabilizes credited returns as insurance charges rise, and provides a **contractual guarantee that credited returns can never be negative**, even in down markets.

- Actual credited returns (2017–2023): **3.5% to 4.1%**
- Used return for 50% of the **5.25% projection: 4.00%**
- Used return for 50% of the **4.25% conservative case: 3.50%**

**In Summary**, your Universal Life fund is built on a balanced foundation — pairing long-term equity growth with insurance-grade stability. All assumptions are grounded in real market data, and the design ensures your coverage remains funded even in conservative market conditions, with upside potential and tax-free benefits when the policy outperforms.