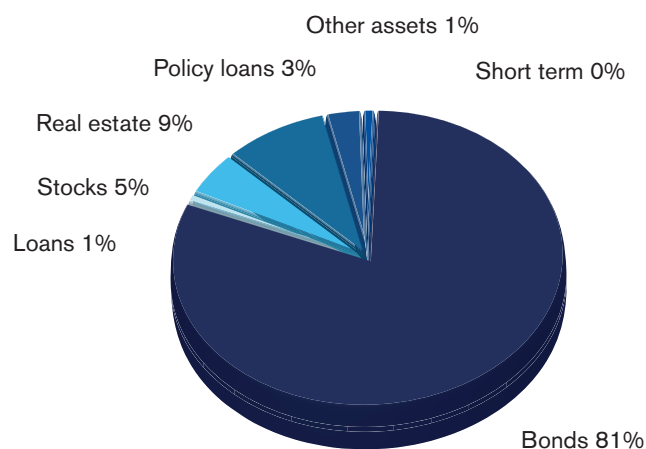


Assumption Life's Participating Account



ASSET MIX

(at Dec. 31, 2017)



HOW PAR PREMIUMS ARE INVESTED

The amount of premium that is not required to pay for current benefits and expenses is invested in the participating account to provide for future benefits. As indicated in the asset mix pie chart and table, funds are invested in a variety of assets, ensuring a level of diversification that meets the established investment guidelines. The participating account is managed to meet the long-term needs of our participating policyholders.

A large portion of the assets is invested in fixed income assets to support the long-term nature of the benefit guarantees within our participating policies. The investment guidelines require that the bonds in our participating account portfolio are all investment grade.

PARTICIPATING ACCOUNT ASSET MIX - DETAILS

(at Dec. 31, 2017)

	\$ Thousands	Percentage
Short-term		
Cash and Equivalents	196	0.1%
Total short-term	196	0.1%
Fixed income		
Government bonds	123,986	80.6%
Municipal bonds	0	0.0%
Corporate bonds	0	0.0%
Mortgages	0	0.0%
Other loans	2,550	1.7%
Total fixed income	126,536	82.3%
Equities		
Common stocks	0	0.0%
Preferred stocks	7,557	4.9%
Real estate	13,037	8.5%
Total equities	20,594	13.4%
Total invested assets	147,326	95.8%
Other		
Policy loans	4,262	2.8%
Other assets	2,233	1.4%
Total participating assets	153,821	100%

PARTICIPATING ACCOUNT RETURN

The participating account net rate of return is the return on the total participating account assets backing liabilities and surplus – not including change in other comprehensive income – after investment expenses and taxes are deducted.

DIVIDEND SCALE INTEREST RATE

The dividend scale interest rate, not to be confused with the rate of return of the participating account, reflects past and expected future investment performance of the assets backing the participating account liabilities. It is net of investment expenses and is an important component in the formula that determines the dividends paid in a participating policy. The dividend scale interest rate, which excludes the return on assets backing the participating account surplus, is smoothed over time to reduce the impact of the investments' volatility.

Here is a summary of our current and previous dividend scale interest rates:

Dividend scale interest rate			
Year	ParPlus (1 st generation) ¹	ParPlus (2 nd generation) ²	Other participating policies
2018	5.75%	5.75%	6.10%
2017	5.75%	5.75%	6.20%
2016	5.75%	5.75%	6.30%
2015	5.75%	5.75%	6.40%
2014	5.75%	5.75%	6.60%
2013	5.75%	5.75%	6.70%
2012	6.00%	5.75%	6.80%

The current dividend scale interest rate is effective for the period of January 1, 2018 to December 31, 2018.

¹ ParPlus and ParPlus Jr. policies sold from Nov. 23rd, 2009 to Dec. 5th, 2011.

² ParPlus and ParPlus Jr. policies sold since Dec. 6th, 2011.

Year	Net par account rate of return	S&P/TSX composite total return index	5-year GIC	Consumer price index
2006	11.1	17.3	3.2	1.7
2007	8.1	9.8	3.3	2.4
2008	4.7	-33.0	3.0	1.2
2009	6.2	35.1	1.9	1.3
2010	10.1	17.6	2.0	2.4
2011	14.5	-8.7	1.9	2.3
2012	6.7	7.2	1.6	0.8
2013	0.3	13.0	1.6	1.2
2014	14.1	10.6	1.9	1.5
2015	6.7	-8.3	1.3	1.6
2016	5.6	21.1	1.2	1.5
2017	7.2	6.0	1.6	1.9
Average annualized return				
1 yr	7.2	6.0	1.6	1.9
3 yrs	6.5	5.6	1.4	1.7
5 yrs	6.7	8.0	1.5	1.5
10 yrs	7.5	4.4	1.8	1.6
15 yrs	7.8	8.8	2.2	1.7
15-year standard deviation	3.6	16.8	0.7	0.5

Source for economic indicators' performance: Bloomberg, Bank of Canada and Statistics Canada.

Past rates of return are for illustrative purposes only and are not indicative of future performance. Future results are not guaranteed.

The calculations to determine the net par account rate of return takes into account new reporting rules and accounting standards that took effect in 2007 and 2011, impacting reported performance.