

Revised Statement of Investment Policies and Procedures at Connor, Clark & Lunn Investment Management Ltd.

November 25, 2010

Plan sponsors may wish to consider whether this investment update has any implications for the investment options available within their plan.

Effective September 10, 2010, Connor, Clark & Lunn Investment Management Ltd. (CC&L) revised its Statement of Policies and Procedures (SIP&P) to reflect changes that have taken place for the following funds available through our Core Investment Selection (CIS):

- CC&L Group Balanced Plus Segregated Fund
- CC&L Group Canada Plus Equity Segregated Fund
- CC&L Group Global Segregated Fund

What has changed?

In order to comply with requirements under the new registration rules (National Instrument 31-103), CC&L relinquished the registration of CC&L Arrowstreet Capital Ltd. as an Exempt Market Dealer as of September 28, 2010. As a result of this change, the manager for CC&L Arrowstreet EAFE Equity Fund is now CC&L Investment Management Ltd.

The CC&L EAFE Equity Fund, which is a component of the three segregated funds named above, will continue to be sub-advised by Arrowstreet Capital, L.P. under an agreement between CC&L Investment Management Ltd. and Arrowstreet Capital Ltd.

CC&L's revised SIP&P outlines issues including investment objectives, risk factors, strategies, and guidelines for the investment funds managed by CC&L. A copy of the SIP&G is available on the Sun Life Financial plan sponsor services website at www.sunlife.com/sponsor. To access this information, go to **Home > Group Retirement Services > Investments > Investment news**.

Jarislowsky Fraser Special Bond Fund non-compliance

November 25, 2010

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Sun Life Financial was notified by Jarislowsky Fraser Limited (Jarislowsky Fraser) of a noncompliance issue pertaining to the Jarislowsky Fraser Special Bond Fund held within the Jarislowsky Fraser Balanced Segregated Fund, Jarislowsky Fraser Global Balanced Segregated Fund and Jarislowsky Fraser Bond Segregated Fund.



As stated in our October 5, 2009 plan sponsor communication, entitled Jarislowsky Fraser Limited revised Statement of Investment Policies and Guidelines, Jarislowsky Fraser launched the Special Bond Fund which allows the above funds with bond exposures to invest in smaller issues. As of September 30, 2010, the Special Bond Fund's allocation to "BBB"-rated bonds was 15.4%, which was above the maximum allowable limit of 10%. Jarislowsky Fraser noted that this breach occurred primarily due to Government and Crown corporation bonds being sold to fund redemptions, thus raising the overall percentage allocation in "BBB"-rated bonds. The allocation to "BBB"-rated bonds was brought back in-line with the guidelines shortly thereafter. JF has also indicated that they have since implemented additional compliance checks to prevent a similar occurrence in the future.

We note that there was no compliance breach to the Statement of Investment Policies and Guidelines at the overall level of any of the three Jarislowsky Fraser Funds on Sun Life's Core Investment Selection platform indicated above. That is to say, the 10% maximum BBB-rated bond aggregate limits were not breached in any of the funds holding units of the Special Bond Fund.

Jarislowsky Fraser's SIP&G outlines the investment objectives, risk factors, strategies and the guidelines for the investment funds managed by Jarislowsky Fraser. A copy of the SIP&G is available on the Sun Life Financial Plan Sponsor Services website at www.sunlife.com/sponsor. To access this information on the Plan Sponsor Services website, go **Home > Group Retirement Services > Investments > Investment news**.

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