OUR PARTICIPATING ACCOUNT **QUARTERLY SUMMARY**

FOR ADVISOR USE ONLY

Par Plus

SPRING 2020

A long and strong history

Assumption Mutual Life Insurance Company is proudly Canadian, and one of the largest mutual companies operating in Canada since 1903. From the beginning, we have been offering participating life insurance coverage and have never failed to pay a dividend to our policyholders. As a mutual company, it also benefits our policyholders, who retain 100% of any distributed surplus.

For the last 20 years, Assumption Life has maintained a financial strength rating of A- (Excellent) by A.M. Best Company[1] with total assets under management of $1.9 billion and $7.5 million of profit attributable to our policyholders. By the end of 2019, our solvency ratio was 152%.

[1]For the latest rating, access www.ambest.com

For more information, visit our website at **www.assumption.ca**

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OUR PARTICIPATING ACCOUNT

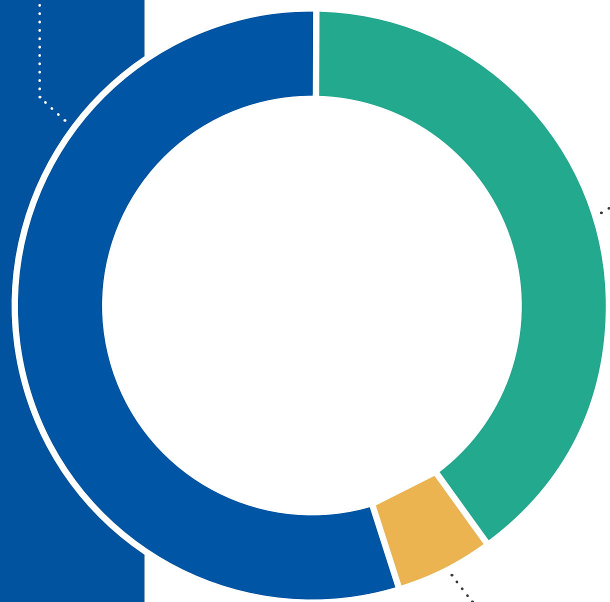
Participating life insurance takes the strength of guaranteed premiums and cash values plus the opportunity to 'participate' in a share of the earnings in the form of an annual dividend. Premiums paid by participating policyholders are deposited into this account and used to pay current benefits, expenses and taxes each year attributable to the operation and administration of these plans. Earnings come when the actual experience for some or all factors supporting the participating plans is favourable.

Three main factors of the participating account, shown on the adjacent graph, are used to determine the dividend scale interest rate, which is used to calculate any eligible dividend payout.

Assumption Life uses these and other factors, such as the client's age, dividend option, premium payment duration, product generation and date purchased, to determine the dividend we credit to each policy.

55%

Participating Account Rate of Return reflects the performance of the participating account and, on average, represents approximately 55% of the dividend scale.



40%

Mortality and Lapses reflect the positive or negative impact from death claims paid and surrenders made on participating plans and, on average, represents approximately 40% of the dividend scale.

5%

Expenses and Taxation represent the cost of acquisition, administration, taxation and other items that can affect profitability of the participating product line as well as ensuring a level of protection from regulatory or financial reporting changes. On average this portion represents approximately 5% of the dividend scale.

Difference Between Interest Rates

The **participating account rate of return** is the actual market performance of all the investments within the account at a specified time period. These do not reflect the amount paid to the policyholders in any given year, but reflect on the net investment return of the entire participating account, include the par surplus. This return will vary each year.

The **dividend scale interest rate** reflects past and expected future investment performance of the assets backing the participating account liabilities. It is net of the investment expenses and is an important component in the formula that determines the dividends paid in a participating policy. We also use methods to help smooth changes to the dividend scale interest rate over time to provide a more stable dividend payout. In general, Assumption Life will average the main factors over a five-year period to smooth out the actual experience in any given year.

Current Interest Rates

PAR ACCOUNT RATE OF RETURN
(as of December 31st, 2019)

8.80%
annualized rate of return

DIVIDEND SCALE INTEREST RATE
(as of January 1st, 2020)

5.75%
for current par policies sold

How Participating Policyholders Receive Dividends

Each year, our senior management team reviews the performance of the participating account and the actual experience of our block of participating business. A recommendation is made to the Board of Directors, who will approve or modify the recommendation and then declare what portion of the participating account earnings (if any) will be distributed for that year and the approved dividend scale interest rate.

For more information, refer to *Our Participating Accounts Management Policy.*

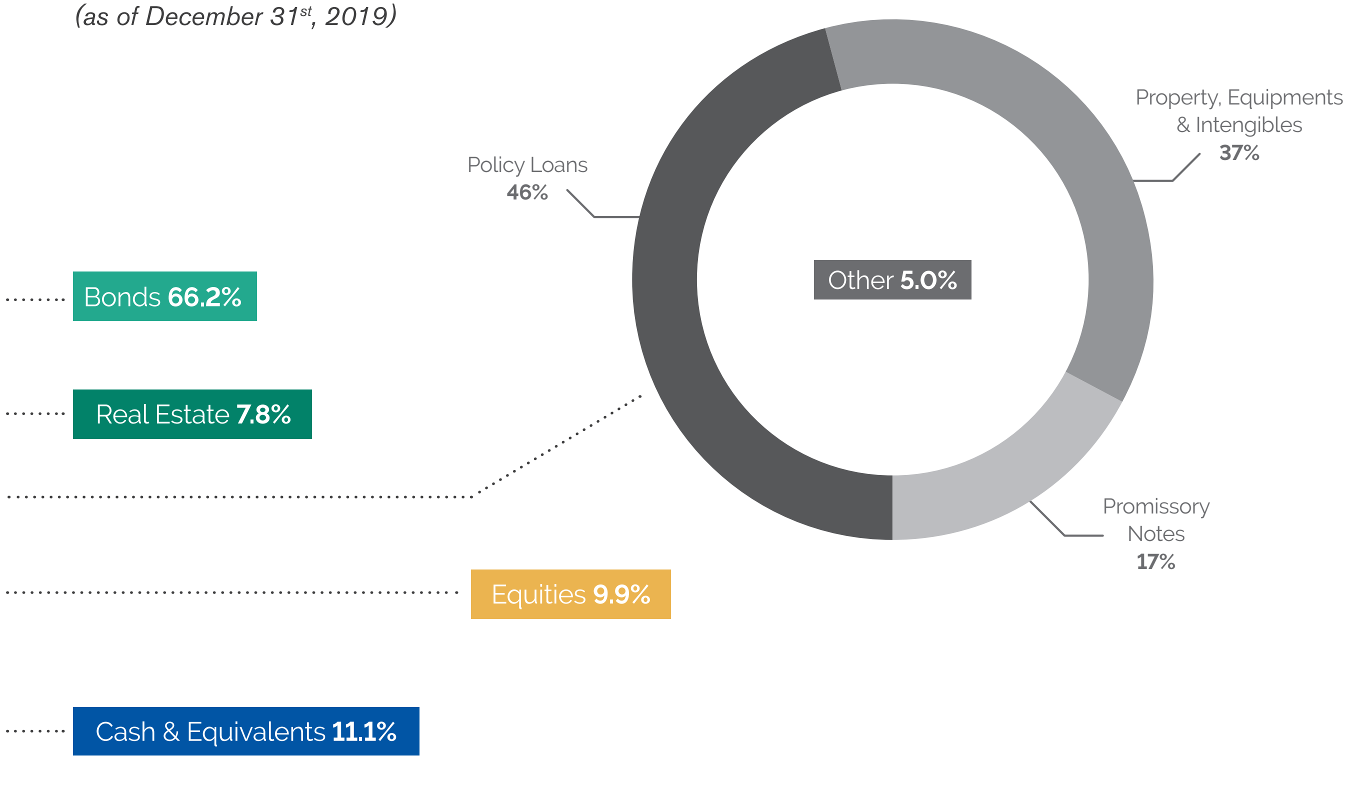
PARTICIPATING ACCOUNT HOLDINGS

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 policy requires that the bonds in our participating account portfolio are all investment grade.

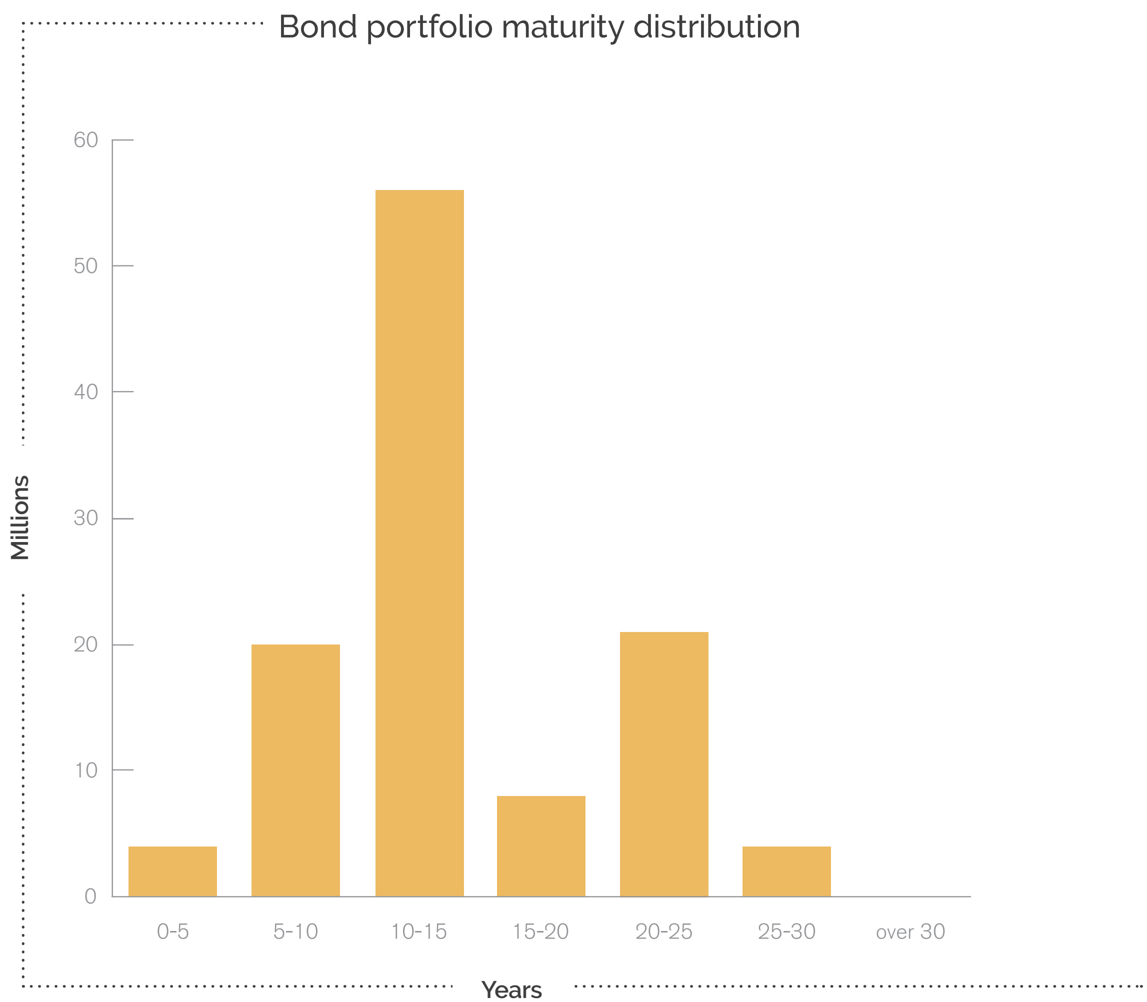
UNDERLYING ASSET MIX

(as of December 31st, 2019)



BOND PORTFOLIO

Bonds accounted for over 66% of the participating account with Assumption Life. Bonds are the foundation of financial instruments supporting participating life insurance plans. They provide long-term, stable returns and are considered lower risk.



Bonds accounted for $109.9 million with a market yield of 2.62%

(as of December 31st, 2019)

Our bond durations are spread over a long period, which again provides a level of stability. Our current bond maturity dates are distributed as follows.

WEIGHTED AVERAGE TO MATURITY:

14 YEARS

SHORTEST MATURITY:

4.4 YEARS

LONGEST MATURITY:

27.9 YEARS

PARTICIPATING ACCOUNT PERFORMANCE

The chart below illustrates the relative stability of the annualized returns for the assets (net of investment expenses) in our participating account compared to other investment options in Canada over the last 15 years.

PAST DIVIDEND SCALE INTEREST RATES

Year	ParPlus (1st generation)[1]	ParPlus (2nd generation)[2]	Other participating policies
2020	5.75%	5.75%	6.00%
2019	5.75%	5.75%	6.00%
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 1st, 2020 to December 31st, 2020.

[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
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	1.7	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	1.5	1.6
2016	5.6	21.1	1.4	1.5
2017	7.2	9.1	1.4	1.9
2018	3.2	-8.9	1.7	2.0
2019	8.8	22.9	2.1	2.2
Average annualized return				
1 yr	8.8	22.9	2.1	2.2
3 yrs	6.4	6.9	1.7	2.0
5 yrs	6.3	6.3	1.6	1.8
10 yrs	7.6	6.9	1.7	1.7
15 yrs	7.7	7.2	2.1	1.7
15-year standard deviation	3.8	17.1	0.6	0.5

(as of December 31st, 2019)

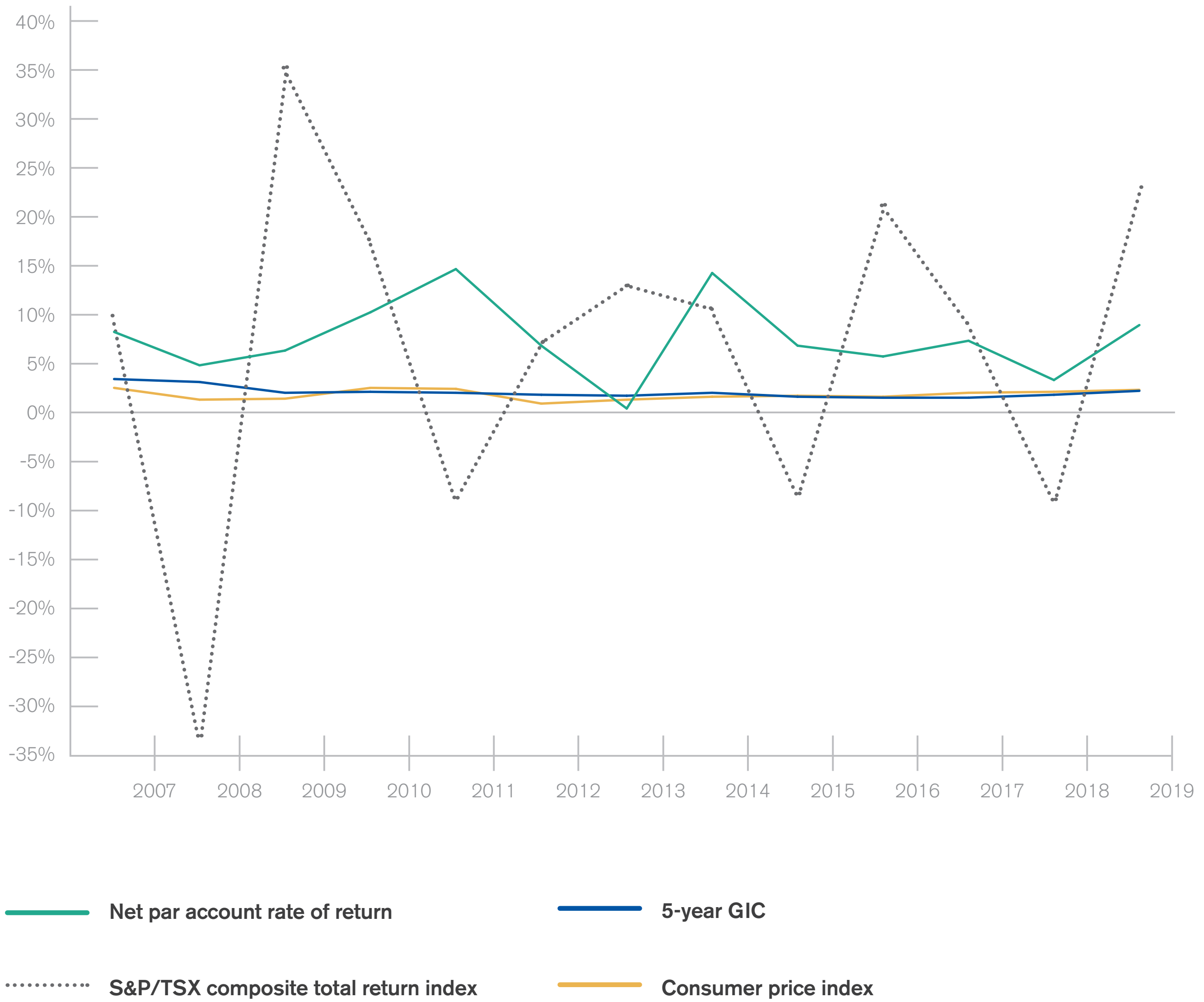
Source for economic indicators' performance: Bloomberg, Bank of Canada and Statistics Canada.

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.

HISTORICAL RETURNS

The following graph compares the Assumption Life participating account rate of return to the S&P/TSX composite total return index, the 5-year guaranteed investment certificate (GIC), and the consumer price index (CPI).



QUARTERLY ECONOMIC COMMENTARY

Equity Markets

In Canada, the market faced more than one headwind this quarter. As the COVID-19 pandemic rippled through the global economy, Canadian investors also had to consider the impact of an oil price war between Saudi Arabia and Russia. It has quite possibly been the opposite of what would be considered business as usual for Canadian companies, explaining the historic weakness for the S&P/TSX Composite, which was down 20.9% for the quarter. This was the worst calendar quarter since Q4 of 2008 and only the ninth time we've seen the benchmark down more than 20% since 1919. None of the eleven sectors were spared in this weakness as they all generated negative returns for the period.

US equities were clearly weak, ending the quarter down 19.6% in USD. For Canadian investors, the performance was aided by the weakness of the loonie given the economic reliance on the energy sector with the index ending the quarter down 12.0% in Canadian dollars. In this period of heightened uncertainty and rapid economic slowdown, we've seen a strong rotation to defensive sectors with Health Care (-13%), Consumer Staples (-13%), and Utilities (-13%) the clear winners. The best performing sector, however, was IT (-12%), which outperformed every other sector despite being more cyclical. Energy (-50%) on the other hand, was hit hard on two sides.

International equities were not spared from the weakness, ending the quarter down 15.3% in Canadian dollars. As was the case with North American equities, the market saw a strong rotation into defensive sectors with Health Care (0%), Utilities (-5%), and Consumer Staples (-5%) performing the best.

Fixed Income Markets

The impact of COVID-19 on the global population and the global economy has been unprecedented. As the dispersion of the virus accelerated into March, many countries, provinces and states all but shut down hoping to temper the impact on the population and local healthcare systems. The effect on markets has been secondary to the impact on the health and welfare of civilization, which has been disturbed in a way few living people have ever experienced. As a result, the economic fallout and resulting market activity has mirrored the virus' impact on society. Efforts to contain and slow its spread have come with their own economic consequences and have created a large degree of uncertainty. What is known at this point is that the virtual shut down of global economies has produced record-breaking economic contraction and widespread unemployment this quarter. In addition, markets reacted quickly with a flight to quality in early March and then, as risks rose, a flight to cash where bonds and equities sold off in the second half of the month. No market was immune to the outflow and market liquidity was limited as the magnitude of the rapid move out of risk assets drove asset prices to extreme levels. As a result, widespread central bank and government intervention was quickly implemented with emergency inter meeting rate cuts, quantitative easing actions, liquidity support facilitates, and broad fiscal stimulus geared toward small business, the unemployed and sectors suffering the most hardship. The support spending and loan programs in Canada continue to be tweaked as the impact grows deeper and wider in breadth, while central bank activity is focused on preserving market liquidity and keeping interest rates low through bond purchases which will help stabilize government and credit markets and offset the upward pressure on interest rates as the government issues debt to fund its massive fiscal spending programs.

OUR PARTICIPATING ACCOUNTS MANAGEMENT POLICY

This policy applies to the management of participating accounts related to participating products. It was adopted by the Board of Directors of the Company and is subject to change from time to time.

Participating accounts take into consideration all transactions that pertain to the Company's participating products. These transactions include, among others: premiums, claims, surrenders, expenses, and net investment income net of investment expenses related to participating policies. The performance of participating accounts is determined by the investment income earned on the net assets of participating accounts net of investment expenses.

The Board of Directors of the Company has adopted an investment policy concerning the objectives and philosophy for the investment of all its assets. Among other things, this policy outlines the limits and controls that pertain to the assets. Participating accounts are managed in accordance with the standards and restrictions established by this policy. Participating accounts are invested mostly in fixed-income assets such as bonds, but also allow for a portion to be invested in non-fixed income assets such as stocks and real estate.

The expenses that can be directly linked to participating accounts are directly allocated to these accounts. Indirect expenses are allocated according to fair and equitable distribution methods based on regular expense studies.

Every year, the appointed actuary must prepare a report for the Board of Directors. This report must contain an analysis of the results achieved by the participating accounts, and his opinion on the fairness of these policies to policyholders with respect to the establishment of the policy, as well as with respect to the adjustments to the dividend scales and adjustable policies. His opinion must also confirm that the methods used for the distribution of income and the allocation of investment expenses are fair and equitable to participating and adjustable policyholders.

OUR DIVIDEND POLICY

This dividend policy applies to all participating products issued by the Company as well as to all adjustable products. It was adopted by the Board of Directors of the Company and is subject to change from time to time.

Participating life insurance policyholders have the opportunity to earn policyholder dividends. As regards to adjustable products, adjustments are reviewed every five years for life insurance products, and every year for accident and health insurance products. As these dividends reflect actual results, they cannot be known in advance and are thus not guaranteed. Premiums are paid to policyholders through a "participating account." Dividends are based on the results achieved by the participating account, which are not guaranteed. The dividend scales and premiums related to adjustable products are thus based on long-term assumptions regarding returns on invested capital, mortality rates, administrative expenses of the Company, taxes, as well as other policyholder experiences, such as surrenders. If the results achieved by the participating account are different from the results expected when establishing the price of the policy, this difference will be reflected in the annual review of the dividend scale and adjustable products. As these results may deteriorate or improve over the years, dividend scales can be reduced or increased as well.

A smoothing of the results can be applied over the years to maintain constant dividend scales. The methods used to determine the dividend scales and adjustable product adjustments are objective and in accordance with generally accepted actuarial principles. These methods must also be in compliance with insurance contracts, this policy and applicable regulations.

In order to be in a position to continue to protect policyholders and its insurance business, the Company must maintain a reasonable surplus in full compliance with regulatory requirements. To this end, the projected surplus determined when establishing the price of participating and adjustable products are considered permanent contributions to the surplus generated by the Company and will not be allocated as a dividend at maturity. Furthermore, the current and projected financial situation is taken into account when establishing dividend scales and adjustable product adjustments.

Every year, the appointed actuary must prepare a report for the Board of Directors. This report must contain an analysis of the results achieved by the participating account, and his opinion on the fairness of these policies to policyholders with respect to the establishment of the policy as well as with respect to the adjustments to the dividend scales and adjustable policies. His opinion must also confirm that the methods used for the distribution of income and the allocation of investment expenses are fair and equitable to participating and adjustable product policyholders.

The dividend scales and adjustable product adjustments are declared by the Board under this policy and in accordance with the regulations in force, following submission of the appointed actuary's report.

DISCLAIMERS & REFERENCES

Dividends are not guaranteed and may increase or decrease, depending on future experience. The dividend scale interest rate is neither an estimate nor a guarantee of how the products will perform in the future. The participating account returns include returns on par surplus and are not actual returns to policyholders.

Benchmark returns and figures are based on information obtained from the Bank of Canada, Bloomberg, and Statistics Canada. The Total Return for the S&P/TSX Composite Index is based on closing price values as of December 31st, 2019.

Current dividend scale interest rate is effective for the period of January 1st, 2020 to December 31st, 2020. The first generation of ParPlus and ParPlus Junior includes policies sold from November 23rd, 2009 to December 5th, 2011. The second (current) generation of ParPlus and ParPlus Junior includes policies sold since December 6th, 2011.

Calculations used to determine the net participating account rate of return factors new reporting rules and accounting standards (IFRS) that took effect in 2007 and 2011, impacting reported performances.

The Life Insurance Capital Adequacy Test (LICAT) replaces the current life insurance capital test, the Minimum Continuing Capital and Surplus Requirements Guideline (MCCSR), in place since 1992. The LICAT is not expected to significantly change the overall amount of capital required to be held by the industry when compared to the current MCCSR. The Office of the Superintendent of Financial Institutions (OSFI) will regularly review the effectiveness of the LICAT and take into consideration developments in the life insurance industry and evolving risk management practices.

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