

# SLC Management Core Fixed Income

Core Fixed Income's objective is to outperform the Bloomberg U.S. Aggregate Index when measured over 3-to-5 year periods.

## Investment strategy and objective

The SLC Management Core Fixed Income portfolio has an overall investment objective to seek total return versus Bloomberg U.S. Aggregate Index while providing protection against interest rate risk. We attempt to accomplish these investment objectives by investing in U.S. dollar denominated, investment grade fixed income securities. The long term objective of the account is to outperform the Bloomberg U.S. Aggregate Index when

measured over 3-to-5 year periods. The sensitivity to interest rate changes is intended to track the market for domestic, investment grade fixed income securities. The effective duration of the account's investment portfolio at the end of each calendar month during a fiscal year will typically be within half a year of the benchmark. The primary strategies utilized for value add are sector rotation, issue selection, and yield curve positioning.

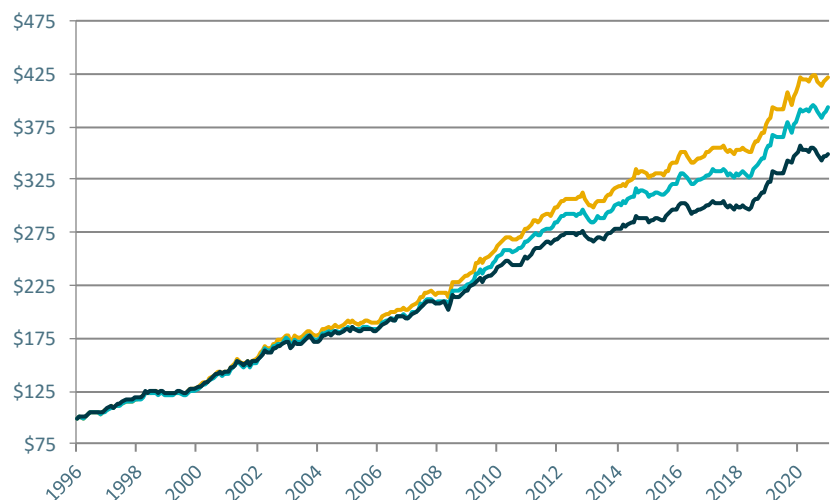
## Portfolio measures

|                          | Composite | Benchmark |
|--------------------------|-----------|-----------|
| Yield (%)                | 2.11      | 1.50      |
| Spread (bp)              | 98        | 32        |
| Effective Duration (yrs) | 6.82      | 6.56      |
| Convexity                | 0.98      | 0.92      |
| Avg. Credit Quality      | AA-/A+    | AA/AA-    |

## Portfolio composition % by credit quality\*

|          | Composite | Benchmark |
|----------|-----------|-----------|
| AAA      | 50.50     | 69.75     |
| AA       | 4.23      | 3.95      |
| A        | 14.44     | 11.29     |
| BBB      | 30.43     | 15.01     |
| Below IG | 0.40      | 0.00      |

## Growth of \$100 - Monthly performance 6/30/1996 to 09/30/2021\*



SLC Management Core Fixed Income (Gross)

\$423.39

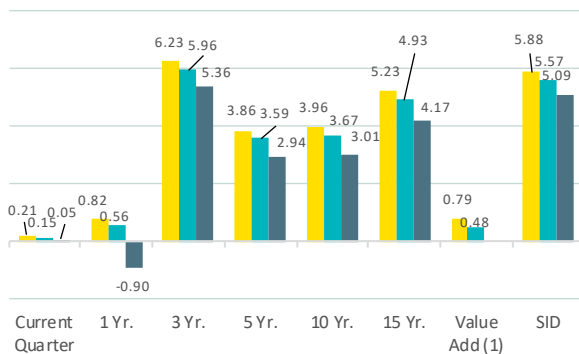
SLC Management Core Fixed Income (Net)

\$393.34

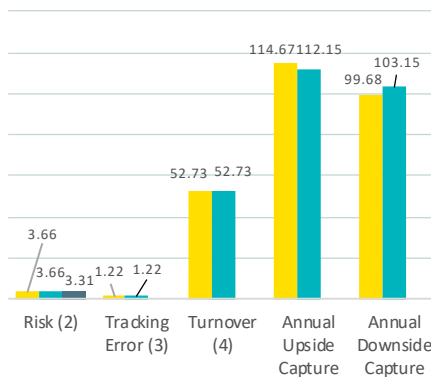
Bloomberg U.S. Aggregate Index

\$350.22

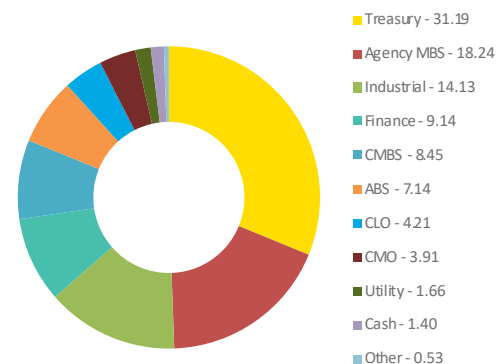
## Comparative performance %



## Risk statistics %



## Portfolio composition % by sector\*



● SLC Management Core Fixed Income (Gross) ● SLC Management Core Fixed Income (Net) ● Bloomberg U.S. Aggregate Index

[1] SID value added over benchmark; [2] Annualized standard deviation of monthly returns (volatility); [3] Annualized standard deviation of monthly differential returns; [4] 5-Year Turnover (since inception if less than 5 years of data)

A full disclosure presentation is an integral part of this report, and is included on the following page. Past performance is not indicative of future results.

## SLC Management Core Fixed Income Composite: 01/01/2008 to 12/31/2020

| Year | Total Return Gross (%) | Total Return Net (%) | Benchmark Return (%) | Number of Portfolios | Composite 3-Yr Standard Dev (%) | Benchmark 3-Yr Standard Dev (%) | Dispersion (%) | Composite Assets (\$mil) | Firm Assets** (\$mil) | U.S. Total Return F.I. Assets* (\$mil) |
|------|------------------------|----------------------|----------------------|----------------------|---------------------------------|---------------------------------|----------------|--------------------------|-----------------------|--|
| 2008 | 6.87                   | 6.55                 | 5.24                 | 5                    | N/A                             | N/A                             | N/A            | 149.71                   | N/A                   | 2,174.68                               |
| 2009 | 7.92                   | 7.59                 | 5.93                 | 5                    | N/A                             | N/A                             | 0.47           | 134.91                   | N/A                   | 2,901.45                               |
| 2010 | 8.72                   | 8.40                 | 6.54                 | 5                    | N/A                             | N/A                             | 0.16           | 148.64                   | N/A                   | 3,479.72                               |
| 2011 | 7.98                   | 7.66                 | 7.84                 | 8                    | 2.93                            | 2.78                            | N/A            | 220.28                   | N/A                   | 4,039.24                               |
| 2012 | 6.17                   | 5.86                 | 4.22                 | 8                    | 2.50                            | 2.38                            | 0.47           | 322.34                   | N/A                   | 4,449.82                               |
| 2013 | -0.92                  | -1.21                | -2.02                | 9                    | 2.92                            | 2.71                            | 0.15           | 419.81                   | N/A                   | 4,096.52                               |
| 2014 | 7.06                   | 6.74                 | 5.97                 | 12                   | 2.76                            | 2.63                            | 0.13           | 564.65                   | N/A                   | 5,142.90                               |
| 2015 | 0.80                   | 0.50                 | 0.55                 | 16                   | 3.06                            | 2.88                            | 0.09           | 763.55                   | N/A                   | 5,715.41                               |
| 2016 | 3.80                   | 3.49                 | 2.65                 | 15                   | 3.13                            | 2.98                            | 0.17           | 625.66                   | N/A                   | 6,151.27                               |
| 2017 | 4.55                   | 4.26                 | 3.54                 | 19                   | 2.94                            | 2.78                            | 0.25           | 1,347.60                 | N/A                   | 7,706.24                               |
| 2018 | 0.09                   | -0.16                | 0.01                 | 22                   | 2.73                            | 2.84                            | 0.09           | 1,636.86                 | N/A                   | 8,331.13                               |
| 2019 | 9.64                   | 9.36                 | 8.72                 | 24                   | 2.91                            | 2.87                            | 0.11           | 2,516.00                 | 125,520               | 10,029.87                              |
| 2020 | 8.29                   | 8.02                 | 7.51                 | 27                   | 3.97                            | 3.36                            | 0.21           | 3,117.57                 | 142,095               | 10,405.00                              |

**\*\*SLC Management acquired the composite through a consolidation of Ryan Labs Asset Management Inc. in June of 2019. Firm assets prior to 2019 are not presented because the composite was not part of the firm.**

### Portfolio summary

|                    |                        |
|--------------------|------------------------|
| Holdings           | Investment Grade Bonds |
| Management Fee     | Asset-based            |
| Investment Vehicle | Separate Account       |
| Valuation Date     | Daily                  |

SLC Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SLC Management has not been independently verified. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.



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**Portfolios Characteristics:** SLC Management Core Fixed Income Composite was created on and has an inception date of June 30, 1996. The composite includes all non-wrap taxable investment grade fixed income portfolios benchmarked to the Bloomberg Aggregate Index with an asset allocation of 100% investment grade securities. A complete list and description of all the firm composites is available upon request. Policies for valuing portfolios, calculating performance, and preparing GIPS reports are available upon request. The firm has adopted a significant cash flow policy if an account experiences a cash flow greater than 10% of market value. This policy is effective January 1, 2014.

**Calculation Methodology:** Gross-of-fees returns are calculated gross of management and custodial fees, and gross of taxes on dividends and interest, and net of transaction costs. Net returns are net of model fees and are derived by deducting the highest applicable fee rate in effect for the respective time period from the gross returns each month. Composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. The dispersion measure is the asset-weighted standard deviation of accounts in the composite for the entire year. Internal dispersion is not shown for years in which the composite contained five or fewer portfolios for the entire measurement period. The three-year annualized standard deviation, using gross-of-fees returns, measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not presented prior to 2011 because it is not required for periods ended prior to 1 January 2011.

**SLC Management:** Sun Life Capital Management (U.S.) LLC doing business as SLC Management is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration with the U.S. Securities and Exchange Commission as an investment adviser does not imply a certain level of skill or training. We offer actively managed fixed income separate account vehicles to institutional investors. Our fee schedule is: 0.250% on the first \$100 million, 0.150% on the next \$200 million, 0.120% on the next \$200 million, 0.100% on the next \$500 million, 0.080% on the next \$500 million, and 0.050% on the balance in excess of \$1.5 billion.

**Disclaimers & Footnotes:** Performance prior to July 2019 occurred while the investment management team was affiliated with another firm. The investment management team has managed the composite since its inception, and the investment process has not changed. The historical performance has been linked to performance earned at Ryan Labs Asset Management Inc. Past performance of the account is not indicative of future results. Risk return characteristics are based on returns from the trailing five-year period, and do not reflect the deduction of advisory fees. Performance results are based on U.S. dollar returns. The investment advisory fee charged to each investor causes their return to be lower than the gross returns presented above. No assurance can be given that the investment objective will be achieved, and an investor may lose money. Due to current market volatility, current performance may be lower than that of the figures shown. This material is intended for informational purposes only and does not constitute investment advice, a recommendation, or an offer or solicitation to purchase or sell any security or other instrument. The account's total return will fluctuate over a wider range than money market investments due to greater sensitivity to (i) interest rates, (ii) market conditions, (iii) and maturities.

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. This metric is used to evaluate the worst-case scenario for yield to help investors manage risks and ensure that specific income requirements will still be met.

**Effective Duration:** The term "effective duration" is derived from the duration of any security or securities and provides a measure of the risk with which the sensitivity of bonds or bond portfolios and their cash flows to interest rate changes and embedded options can be estimated. A one % increase (or decrease) in the interest rate accordingly produces a percentage fall (or rise) in the price in proportion to the effective duration. For example, assume that the effective duration of a bond portfolio is 4.5 years and the theoretical YTW is 5.3%. If the interest rate drops by 1% to 4.3%, the portfolio price increases by approximately 4.5%.

**Information Ratio:** Information ratio is calculated using the trailing 5 year period (since inception if less than 5 years of data).

The Bloomberg Aggregate Index is composed of domestic investment grade fixed income securities with maturities of 1-to-30 years. Pursuant to the rules of the index, the Index's portfolio must (i) have at least one year to final maturity, (ii) have at least \$300 million par amount outstanding, (iii) be fixed rate, (iv) be U.S. dollar denominated and non-convertible, (v) and be publicly issued. Indexes are unmanaged and are not subject to transaction charges or expenses. An investor may not invest directly in an index.

*\*This information is presented as Supplemental Information to the fully compliant GIPS report.*