

SLC Management Short Term Private Fixed Income Plus Fund

The Fund seeks to achieve total return by providing income while preserving capital, by investing primarily in a diverse portfolio of short term private and public fixed income and floating rate assets.

Strategy highlights

- Access to high quality deal flow through one of the largest and most tenured private fixed income teams in North America¹
- Institutional quality core investment grade² portfolio that is well diversified by issuer, sector and asset type
- Highly negotiated and customised transactions, which may provide investors with a sustainable excess yield over comparably rated public market investments
- Rigorous risk controls through tight covenants, credit enhancements and collateral packages

Fund highlights

Vehicle type: limited partnership – open-ended pool

Net Asset Value: \$1,013.8 M

Benchmark: FTSE® Canada Short Term Corporate Bond Index³

	Fund	Benchmark
Yield to maturity	2.83%	1.42%
Effective duration	1.84 years	2.71 years
Average credit rating ⁴	A	A

Fund Performance⁵

	Q3 2021 (%)	YTD (%)	One year (%)	Three years (%)	Since inception* (%)
SLC Management Short Term Private Fixed Income Plus Fund	0.67	1.59	3.20	4.45	4.22
Benchmark	0.22	(0.08)	1.05	3.91	3.13
Difference	0.45	1.67	2.15	0.54	1.09

*Performance inception date July 31, 2017

Fund profile

Asset mix – current allocation⁶

Private fixed income %	75.6%
Public fixed income %	19.3%
Derivatives contracts %	-0.6%
Cash	5.7%

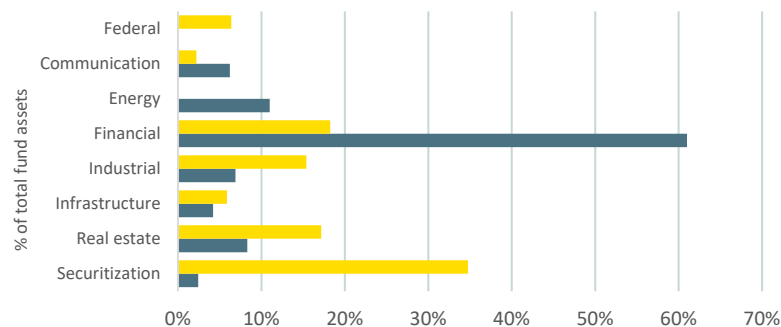
Currency mix – current allocation

CAD	54.0%
USD	40.1%
GBP	5.9%

Credit rating⁴

	Fund	Benchmark
AAA	11.8%	2.5%
AA	22.1%	19.4%
A	40.7%	40.3%
BBB	19.6%	37.8%
Non-investment grade	5.8%	0.0%

Composition



Figures presented in this chart are ex-cash.

Investment Guidelines⁷

- Single issuer restriction: no greater than 10% of the Fund's assets at the time of investment
- Duration: the overall duration of the Fund may vary between 0 and 3 years
- Foreign currency exposure: The Fund may hold foreign currency denominated investments. Unhedged foreign currency denominated investments will generally not exceed 10% of the Fund's net assets
- Credit quality: the Fund shall limit investments that are rated below investment grade to 20% of the Fund's net assets at the time they are acquired, as determined

Portfolio Managers

Elaad Keren, MBA, CFA

Portfolio Manager and Head of Mid-Market Finance
Years with firm: 2 | Years of industry experience: 18

Douglas J. Gardiner, CFA

Portfolio Manager and Head of Public Fixed Income
Years with firm: 20 | Years of industry experience: 30

Maurice Primeau, BComm

Portfolio Manager and Managing Director, Private Fixed Income
Years with firm: 13 | Years of industry experience: 33

Randall Malcolm, MSc. Finance, CFA

Senior Managing Director and Portfolio Manager, Canadian Public Fixed Income
Years with firm: 8 | Years of industry experience: 28

Petra Wendroth, MBA, BBM

Associate Portfolio Manager and Managing Director, Private Fixed Income
Years with firm: 9 | Years of industry experience: 13

Nicolas Delisle, CFA, CPA, CMA

Portfolio Manager and Managing Director, Private Fixed Income
Years with firm: 7 | Years of industry experience: 24

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¹ According to PPIA Private Placement investors Association 2016 Survey Results

² Investment-grade credit ratings of our private placements portfolio are based on a proprietary, internal credit rating methodology that was developed using both externally-purchased and internally developed models. This methodology is reviewed regularly. More details can be shared upon request. There is no guarantee that the same rating(s) would be assigned to portfolio asset(s) if they were independently rated by a major credit ratings organization.

³ "FTSE®" is a trade mark of FTSE International Limited and is used under license.

⁴ Ratings presented include credit ratings one tier above and one below alphabetical classification, and are determined based on an internal credit rating process. For a description of the credit rating methodology, please see the Fund's offering memorandum, available on request.

⁵ Returns shown are net of Fund expenses and gross of management fees. Management fees paid directly to Sun Life Assurance Company of Canada should be considered when assessing net performance. Returns greater than one year are annualized.

⁶ Asset mix graph based on Committed amounts (Fund assets committed but not funded). Cash includes other net assets such as payables and receivables.

⁷ More information about the Fund's investment guidelines and associated risks is in the Fund's offering memorandum, available on request.

SUN LIFE CAPITAL MANAGEMENT (CANADA) INC. offers pooled funds, separately managed accounts and other securities-based investment advisory services with the support of the investment operations of Sun Life Assurance Company of Canada. Sun Life Capital Management (Canada) Inc. is the manager of the SLC Management Short Term Private Fixed Income Plus Fund.

IMPORTANT INFORMATION:

This fund fact sheet is prepared for information purposes and is intended for Canadian institutional investors only. The information contained herein is not intended to provide specific financial, tax, investment, insurance, legal or accounting advice and should not be relied upon and does not constitute a specific offer to buy and/or sell securities, insurance or investment services. Investors should consult with their professional advisors before acting upon any information contained in this report. Subscriptions for Fund units are only made under the terms of the Fund's offering memorandum, subscription agreement and limited partnership agreement ("Fund Legal Documentation") and Fund units will only be sold to qualified investors pursuant to applicable securities laws. Investors should read these documents and consult with their professional advisors before investing.

Unless otherwise stated, the information is in Canadian dollars. Efforts are made to ensure that the information herein is reliable and accurate at the time of publication. However, Sun Life Capital Management (Canada) Inc. does not guarantee its accuracy or completeness.

Information is subject to change without notice and Sun Life Capital Management (Canada) Inc. accepts no responsibility for any losses arising from any use of or reliance on the information herein. In the event of any inconsistency between information herein and information in the Fund Legal Documentation, audited financial statements and/or official client statements (collectively, "Fund legal documentation"), the information in such Fund Legal Documentation shall prevail. There is no guarantee that the Fund will achieve its investment objective, its target returns or will be able to source private assets. Past performance is not necessarily indicative of future returns. For details on valuation methodology, please refer to the Fund's offering memorandum.

This document may present materials or statements which reflect expectations or forecasts of future events. Such forward-looking statements are speculative in nature and may be subject to risks, uncertainties and assumptions and actual results which could differ significantly from the statements. As such, do not place undue reliance upon such forward-looking statements.

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Short Term Private Fixed Income Plus Composite

31/7/2017 – 30/9/2021

3 Year Ex-Post Standard
Deviation

Year	Total Return	FTSE Canada Short Term Corporate Bond Index Return	Number of portfolios	Internal Dispersion %	Composite	FTSE Canada Short Term Corporate Bond Index	Total composite Assets End of Period (CAD\$ million)	Total Firm Assets (CAD\$ million)
2017	1.42%	0.55%	1	-	-	-	406	N/A
2018	4.39%	1.81%	1	-	-	-	634	N/A
2019	4.92%	4.55%	1	-	-	-	840	163,000
2020	5.27%	6.32%	1	-	2.35	2.35	955	180,869
2021 YTD	1.59%	-0.08%	1	-	2.38	2.44	1,014	181,114

Important information

SLC Management ("the Firm") is an institutional asset management group comprising Sun Life Capital Management (Canada) Inc. and Sun Life Capital Management (U.S.) LLC. Sun Life Capital Management (Canada) Inc. ("the Firm") is registered as a Portfolio Manager ("PM"), Investment Funds Manager ("IFM"), and Exempt Market Dealer ("EMD") in all provinces and territories in Canada. The Firm is also registered as a Commodity Trading Manager ("CTM") in Ontario. The principle regulator is the Ontario Securities Commission ("OSC"). The Firm is primarily responsible for managing portfolios for institutional third parties through Funds that invest in various asset classes and separately managed accounts that may include liability-driven investment strategies. Sun Life Capital Management (U.S.) LLC is a registered investment adviser with the United States Securities and Exchange Commission, in accordance with the Investment Advisers Act of 1940. Sun Life Capital Management (U.S.) LLC is also a Commodity Trading Advisor and Commodity Pool Operator registered with the Commodity Futures Trading Commission under the Commodity Exchange Act and a Member of the National Futures Association.

Compliance statement

The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has not been independently verified.

Firm information

The Firm is predominantly accountable for managing portfolios for institutional clients that invest in a broad range of diverse products including, public debt, private debt, mortgage loans, and liability driven investments. The Firm's fee schedule is as follows: 0.21%-0.45% for the first \$50 million under management; 0.19%-0.45% for the next \$50 million; 0.10%-0.45% for the next \$100 million; and 0.05%-0.45% for the balance in excess of \$200 million. Additionally, fees may be subject to negotiation where circumstances warrant.

Composite characteristics

The inception date is July 31, 2017. The composite was created on November 30, 2019. The portfolios invest primarily in a diverse portfolio of short term private and public fixed income and floating rate assets – and seeks to achieve total return by providing income while preserving capital. The strategy employs a top-down investment approach to create an overall target risk profile for the strategy. The top-down view incorporates macroeconomic and interest rate forecasts from our rates research group to determine the optimal duration and curve positioning. Private fixed income holdings that are consistent with portfolio objectives and constraints, are sourced by the private fixed income team and serve as core asset holdings for the strategy. Public fixed income holdings are utilized primarily to complement these core holdings such that overall portfolio characteristics are consistent with the intended risk profile. Portfolio is valued monthly. A complete list and description of all Firm composites is available upon request.

Benchmarks

The strategy's benchmark is the FTSE Canada Short Term Corporate Bond Index. The Index is a comprehensive, transparent, rule-based index designed to measure the performance of fixed-rate, investment grade short term (one to five years) domestic corporate bonds denominated in Canadian dollars.

Calculation methodology

Valuations and returns are calculated and stated in Canadian dollars. Return is calculated monthly based on the change in the Net Asset Value per share. All subscriptions and redemptions cash flows happen at month-end. Returns presented are gross of Investment Management fees and net of operating expenses. The internal dispersion measure is the asset-weighted standard deviation of accounts in the Composite and is calculated only for Composite with 6 or more portfolios with full year returns. The three-year annualized standard deviation is not applicable to the composite, as it measures the variability of the composite return and the benchmark returns over the preceding 36-month period. Presented risk measures are calculated using the gross of fee returns.

Other disclosures

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Performance for the period 31/7/2017 – 30/6/2019 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 SLC Management. Past performance does not guarantee future results. 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.