

# SLC Management U.S. Investment Grade Private Credit Strategy

The investment objective of the strategy is to generate stable, absolute returns from a well-diversified portfolio of corporate credit investments.

## Strategy Highlights

- Access to high quality deal flow through one of the largest and most tenured private fixed income teams in North America<sup>1</sup>
- Actively managing private assets for over 40 years, through our affiliation with Sun Life Assurance Company of Canada (Sun Life)
- Institutional quality core investment grade<sup>2</sup> portfolio that is well diversified by issuer, sector and asset type
- Highly negotiated and customized 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
- Incorporates ESG and other non-financial risk analysis at every level of our investment decision making process

## Strategy Highlights

**Vehicle types:** Separately managed account or pooled-investment vehicle

**Benchmark:** 50% Bloomberg U.S. Intermediate Corporate Index / 50% Bloomberg U.S. Long Corporate Index

	Strategy	Benchmark
Yield to maturity	3.91%	3.66%
Effective duration	9.24 years	9.38 years
Average credit rating	A	A

## Performance

	Q1 2022	YTD (%)	One year (%)	Since inception* (%)
Strategy (gross)	-7.54	-7.54	-1.56	-0.04
Strategy (net)	-7.62	-7.62	-1.86	2.31
Benchmark	-8.35	-8.35	-4.10	-2.65
Difference (gross)	0.81	0.81	2.54	2.61
Difference (net)	0.73	0.73	2.24	-4.96

\*Performance inception date June 30, 2020

## Portfolio Profile

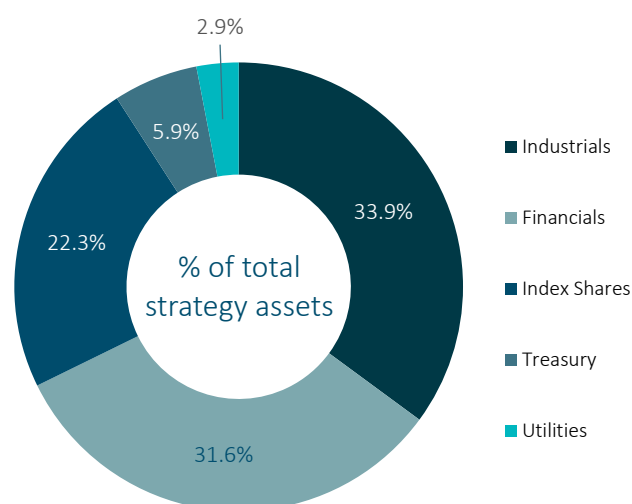
### Asset mix – current allocation<sup>4</sup>

Private fixed income	75.4%
Public fixed income	1.7%
Cash & other	0.6%

### Credit rating<sup>3</sup>

	Strategy	Benchmark
AAA	0.0%	1.6%
AA	17.0%	6.8%
A	44.3%	40.1%
BBB	38.0%	50.8%
Non-investment grade	0.0%	0.7%

### Sector Composition



Figures presented in this chart are ex-cash.

## Investment guidelines<sup>5</sup>

- Single issuer restriction: 12.5% after the first 24 months
- Duration: within +/- 1 year of the duration of the 50% Bloomberg U.S. Intermediate Corporate Index / 50% Bloomberg U.S. Long Corporate Index
- USD-denominated, fixed rate private debt transactions
- Credit quality: investment grade at the time of purchase
- Asset allocation<sup>7</sup>: Private debt - 80% to 100%, Public bonds - 0% to 20%, Cash and money market instruments - 0% to 10%

## Portfolio Managers

### Sam Tillinghast

President, Private Fixed Income

Years with firm: 3 | Years of industry experience: 33

### Andrew Kleeman, CFA

Senior Managing Director, Head of Corporate Private Placements

Years with firm: 3 | Years of industry experience: 14

### Elizabeth Thorne

Portfolio Manager and Managing Director

Years with firm: 5 | Years of industry experience: 35

### Hussam Syed

Managing Director, U.S. Public Fixed Income

Years with firm: 20 | Years of industry experience: 20



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<sup>1</sup> According to PPIA Private Placement investors Association 2016 Survey Results.

<sup>2</sup> 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.

<sup>3</sup> Ratings presented include credit ratings one tier above and one below alphabetical classification, and are determined based on an internal credit rating process.

<sup>4</sup> Asset mix graph based on Committed amounts (strategy assets committed but not funded). Cash includes other net assets such as payables and receivables.

<sup>5</sup> Expected range of strategy's net assets. Private debt values are based on a total commitment basis (whether paid or unpaid).

**Sun Life Capital Management (U.S.) LLC** offers pooled investment vehicles, separately managed accounts and other securities-based investment advisory services with the support of the investment operations of SLC Management.

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Gross returns presented are gross of Investment Management fees and net of operating expenses. 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. Past performance is not indicative of future results.

The strategy's benchmark is a blend of 50% Bloomberg Barclays U.S. Intermediate Corporate Bond Index and 50% Bloomberg Barclays U.S. Long Corporate Bond Index. The Bloomberg Barclays Intermediate Corporate Bond Index measures the investment grade, fixed rate, taxable corporate bond market whose maturity ranges between 1 to 10 years. The Bloomberg Barclays Long Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market whose maturity is 10 years or longer.

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