

# 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	3.41%	2.31%
Effective duration	9.68 years	9.66 years
Average credit rating	A	A

## Strategy Performance<sup>4</sup>

	QTD (%)	YTD (%)	One year (%)	Since Inception* (%)
Portfolio (gross)	0.04	1.44	3.65	5.51
Portfolio (net)	(0.03)	1.22	3.34	5.19
Benchmark	(0.01)	(1.45)	1.95	2.88
Difference	0.05	2.90	1.70	2.63

\*Performance inception date June 30, 2020.

Note: Each client pays an individualized management fee to SLC Management as Manager pursuant to the terms of Investment Manager Agreement.

## Strategy Profile

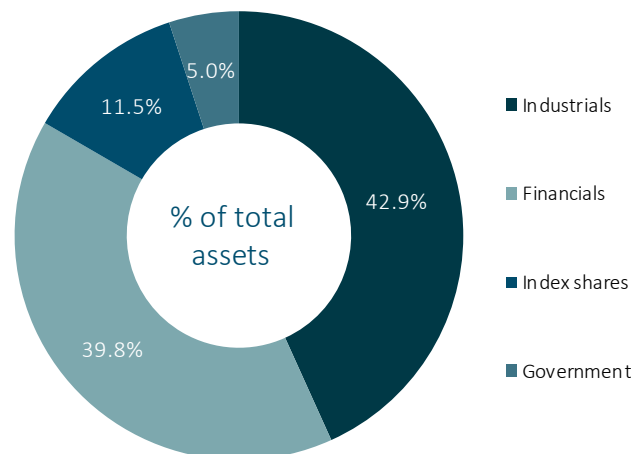
### Asset mix – current allocation<sup>5</sup>

Private fixed income	84.7%
Public fixed income	2.9%
Index shares	11.5%
Cash and other	0.9%

### Credit rating<sup>3,6</sup>

	Strategy	Benchmark
AAA	0.0%	1.4%
AA	9.6%	7.1%
A	36.1%	40.2%
BBB	53.4%	50.1%
Non-investment grade	0.9%	0.3%

### Sector Composition<sup>6</sup>



Figures presented in this chart are ex-cash.

## Investment guidelines<sup>7</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> This information is presented as Supplemental Information to the fully compliant GIPS report.

<sup>6</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.

### IMPORTANT INFORMATION:

This strategy fact sheet is prepared for information purposes and is intended for U.S. 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.

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

Information is subject to change without notice. Sun Life Capital Management (U.S.) LLC accepts no responsibility for any losses arising from any use of or reliance on the information herein. There is no guarantee that the strategy 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.

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# U.S. Investment Grade Private Credit Composite

6/30/2020 – 3/31/2021

3 Year Ex-Post Standard  
Deviation

Year	Total return gross of fees %	Total return net of fees %	50% Bloomberg U.S. Intermediate Corporate Index and 50% Bloomberg U.S. Long Corporate Index Return	Number of portfolios	Internal dispersion %	Composite	50% Bloomberg U.S. Intermediate Corporate Index and 50% Bloomberg U.S. Long Corporate Index	Total composite assets (USD\$ million)	Total firm assets (USD\$ million)
2020*	5.41%	5.25%	5.14%	1	-	-	-	75	142,081

\*Represent return from 6/30/2020 to 12/31/2020

## 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. is registered as a Portfolio Manager (“PM”), Investment Funds Manager (“IFM”), and Exempt Market Dealer (“EMD”) in all provinces and territories in Canada. Sun Life Capital Management (Canada) Inc. is also registered as a Commodity Trading Manager (“CTM”) in Ontario. Sun Life Capital Management (Canada) Inc.’s 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 June 30, 2020. The composite was created on June 30, 2020. The portfolios investment objectives are to generate stable, absolute returns from a well-diversified portfolio of corporate credit investments. The portfolios seek to achieve this objective through investing in U.S. dollar-denominated investment-grade fixed rate private debt transactions, long-term publicly traded corporate fixed income securities (including ETFs), treasury futures, interest rate swaps, and other evidences of indebtedness of any kind, cash and cash equivalents. The portfolios may also invest in debt-issues available on secondary markets. The portfolios expect that 80-100% of its investments will constitute private debt, 0-20% will constitute public bonds and 0-10% will constitute cash and cash equivalents. A complete list and description of all Firm composites is available upon request.

## Benchmarks

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

## Calculation methodology

Valuations and returns are calculated and stated in US dollars. Portfolio is valued monthly. Return is calculated monthly based on the change in the Net Asset Value per share and all returns presented are net of operating expenses. Gross-Of-Fee returns are gross of investment management fees and Net-Of-Fee returns are reduced by a model investment management fee. To calculate Net-Of-Fees returns, each monthly composite Gross-Of-Fee return is reduced by 1/12th of the annual model fee and those returns are aggregated for each annual time period shown. 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. The investment management team has managed the composite since its inception, and the investment process has not changed. 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.