

Sun Life Assurance Company of Canada UBC Faculty Pension Plan Fossil Fuel Free Equity and Bond Fund

Portfolio managed by PH&N Institutional

This portfolio is designed to enable investors to exclude securities of issuers directly engaged in the extraction, processing and transportation of fossil fuels such as coal, oil and natural gas, while investing primarily in a well-diversified portfolio. The investment manager follows a long-term investment approach focused on high quality companies and maximizing returns-for-risk-taken. When evaluating prospective investments, the investment teams consider material environmental, social and governance (ESG) factors in their investment analysis from both a risk and reward perspective.

Portfolio Construction

The portfolio invests in units of three “fossil fuel free” funds that exclude securities of issuers directly engaged in the extraction, processing and transportation of fossil fuels such as coal, oil and natural gas; and securities of issuers listed in The Carbon Underground 200:

- **RBC Vision Fossil Fuel Free Bond Fund**
- **RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund**
- **RBC Vision Fossil Fuel Free Global Equity Fund**

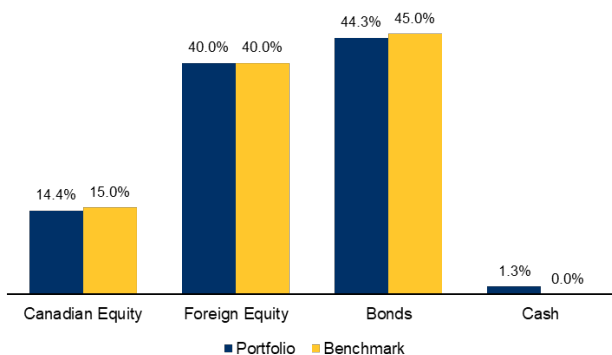
From time to time, an RBC Vision Fund may depart from its exclusion list when the investment manager has determined that it would be in the best interest of the fund to do so, such as when the exclusion list is based on data that has been rendered inaccurate or incomplete by subsequent developments or events.

Performance (Gross)

	3 mos	Since inception
UBC Faculty Pension Plan Fossil Fuel Free Equity & Bond Fund <i>Portfolio managed by PH&N Institutional</i>	9.05%	5.08%
Benchmark	8.46%	7.99%

*Total returns are gross of fees and reported in Canadian dollars.
 Periods less than one year are not annualized*

Reference Asset Mix



Portfolio Summary

At December 31, 2023

Inception Date

January 27, 2023

Benchmark

45% FTSE Canada Universe Bond Index
 15% S&P/TSX Composite Index
 40% MSCI World Net ex Canada Index

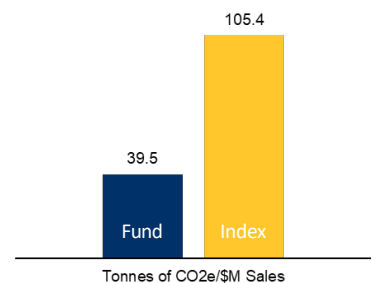
Top 10 Holdings

	% of Fund
Gov of Canada (09/01/2028)	6.28
Gov of Quebec (09/01/2033)	4.54
Gov of Canada (02/01/2026)	4.06
Gov of Ontario (06/02/2043)	2.46
Microsoft Corporation	2.46
Alphabet Inc	2.16
United Health Group Inc	2.16
Taiwan Semiconductor MFG Co	1.90
Amazon.com Inc	1.78
Visa Inc	1.66
Total for Top 10	29.48

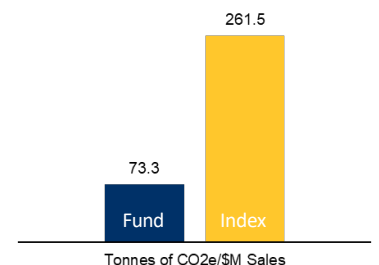
Weighted Average Carbon Intensity (%)

See over for related disclosure

RBC Vision Fossil Fuel Free Global Equity Fund vs MSCI World Total Return Net Index (CAD)



RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund vs S&P/TSX Capped Composite Index



Q4 2023 Commentary

Bonds: Government of Canada (GoC) bond yields continued to exhibit heightened volatility and ended the quarter meaningfully lower from where they began, while credit spreads were modestly tighter on the back of improved investor risk appetite. Against this backdrop, The RBC Vision Fossil Fuel Free Bond Fund (8.42%) outperformed the FTSE Canada Universe Bond Index (8.27%). This outperformance was driven by the fund's duration and yield curve positioning, as the portfolio had a long duration position during the first half of the quarter when yields were declining. Yield curve positioning was a positive contributor, as the portfolio was overweight the shorter end of the curve, which saw the largest decline in yields.

Canadian Equities: Global equity markets surged in the final quarter of 2023, capping off a year of significant gains. All sectors but Energy performed positively this quarter, with strength in Financials and Technology leading the way. The RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund (9.35%) posted a positive return and outperformed the S&P/TSX Composite Index (8.10%). Importantly, the fund also continued to deliver on its objective of delivering lower risk compared to traditional equity allocations. At a sector level, 10/11 sectors contributed to positive absolute performance, led by contributions from Industrials, Financials, and Information Technology.

Global Equities: Global equity markets finished 2023 on a high note, fueled by growing optimism that interest rates have peaked and the U.S. economy will experience a soft landing. Narrow market leadership from the "Magnificent 7" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) was a key theme for much of the year, and accounted for nearly half of the market's overall return. But it was the broader market that outperformed in the fourth quarter, recapturing some lost ground from their Magnificent 7 counterparts. Against this backdrop, the RBC Vision Fossil Fuel Free Global Equity Fund (9.59%) outperformed the MSCI World Total Return Net Index (CAD) (8.66%). In terms of sector performance, Energy (which the fund has no exposure to) and Information Technology were the largest contributors, while Industrials and Consumer Staples were the largest detractors from relative returns.

Disclosure

This document has been provided by PH&N Institutional for information purposes only and may not be reproduced, distributed or published without the written consent of PH&N Institutional. It is not intended to provide professional advice and should not be relied upon in that regard. PH&N Institutional takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when printed. The views and opinions expressed herein are those of PH&N Institutional as of the publication date and are subject to change without notice. This information is not intended to be an offer or solicitation to buy or sell securities or to participate in or subscribe for any service. Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by PH&N Institutional, its affiliates or any other person as to its accuracy, completeness or correctness. We assume no responsibility for any errors or omissions in such information.

Weighted Average Carbon Intensity (WACI) is calculated tonnes/\$1million USD in Sales. Emissions data year is latest on record from MSCI ESG. Includes Scope 1 + 2 emissions. Where a company does not report its own emissions, MSCI ESG provides a proprietary estimate. This report contains information (the "Information") sourced from MSCI Inc., its affiliates or information providers (the "MSCI Parties") and may have been used to calculate scores, ratings or other indicators. The Information is for internal use only and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy and/or completeness of any data or Information herein and expressly disclaim all express or implied warranties, including of merchantability and fitness for a particular purpose. The Information is not intended to constitute investment advice or a recommendation to make (or refrain from making) any investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the funds' offering documents before investing. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. The unit values of non-money market funds change frequently. Past performance may not be repeated.

PH&N Institutional is the institutional business division of RBC Global Asset Management Inc., an indirect, wholly-owned subsidiary of Royal Bank of Canada.

© / TM Trademark(s) of Royal Bank of Canada. Used under licence.

© RBC Global Asset Management Inc., 2024 IC240175

Outlook

Bonds: The bond market is pricing a meaningful decline in short-term yields, while long-term yields are priced to fall less over the next 12 months. The dominant theme for bonds for much of the year centered around "higher-for-longer" yields; however, this sentiment shifted meaningfully in the fourth quarter following a perceived pivot from central banks. These expectations now tilt firmly in favor of interest rate cuts by the BoC in 2024. In the near term, we believe yields may continue to exhibit heightened volatility.

Canadian Equities: The portfolio remains positioned in profitable, high-quality companies that exhibit stability in weak markets, and we remain confident that the strategy will protect capital in the event of further volatility, while also being able to participate well should markets continue to stabilize from here. These businesses continue to be situated for long-term success and we're encouraged by the outlook as we move forward.

Global Equities: Looking ahead, the biggest risk to the stock market, in our view, is the near-term path for corporate profits. To the extent that a soft landing for the U.S. and global economy has increasing visibility, stocks could extend their gains. Should the outlook for growth improve and the threat of earnings shortfalls diminish, the rally could broaden out and leadership could shift to non-U.S. regions, value stocks, and small/mid-caps as investors look to the most attractive valuations in an environment of a broad-based increase in corporate profits beyond the first half of 2024.



Global Asset Management
PH&N Institutional

<https://institutional.phn.com>
institutions@phn.com