

Q3 2024

Sun Life Assurance Company of Canada

UBC Faculty Pension Plan

Fossil Fuel Free Equity and Bond Fund

Portfolio managed by Jarislowsky, Fraser Limited

This portfolio is designed to enable investors to exclude investments in fossil fuels such as thermal coal, oil and natural gas used for energy purposes, while investing in a diversified, actively managed, quality-focused portfolio. The portfolio carbon footprint is actively monitored to deliver a materially reduced emission intensity.

The investment manager, Jarislowsky, Fraser Limited (JFL), adheres to a long-term, quality investment philosophy. The JFL Global Investment Team integrates material ESG factors as part of its investment approach as per the firm's Sustainable Investment policy. This analysis contributes to the assessment of business quality, risks and opportunities of issuers; however, it does not act as a quantitative screening tool. The firm actively engages with companies to drive enhanced corporate stewardship practices.

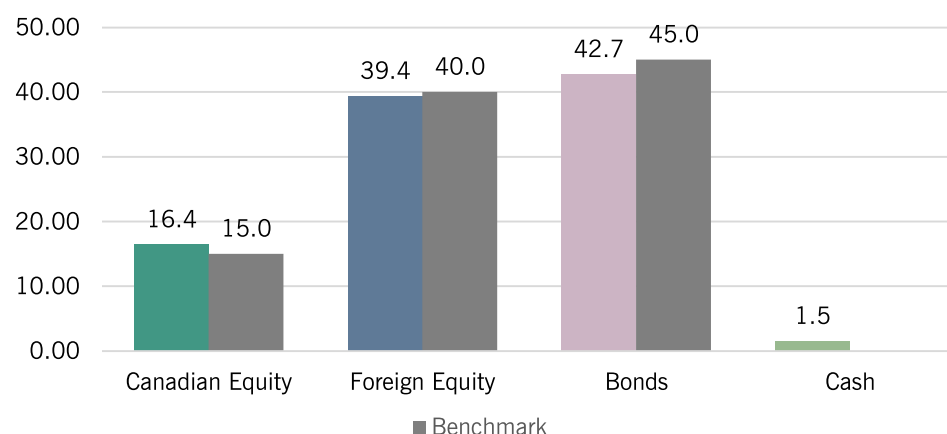
Portfolio Construction

- The portfolio invests in units of three Jarislowsky Fraser Fossil Fuel Free Funds (JF FFF Funds): JF Fossil Fuel Free Global Equity Fund, JF Fossil Fuel Free Canadian Equity Fund, and JF Fossil Fuel Free Bond Fund.
- The JF FFF Funds exclude the GICS® Energy Sector and FTSE Energy Corporate Group, except for renewable energy entities as defined by JFL.
- The Funds also exclude non-energy sector companies:
 - That own operating businesses with material proven thermal coal, oil or gas reserves.
 - That have a significant amount of value attributable directly to the extraction and production of fossil fuels, or indirectly through transportation, distribution, equipment and services.
 - With significant exposure to power generation from fossil fuels. Exceptions may be made where a company has a clear strategy to meaningfully increase the percentage of renewables.
- Green bonds will be emphasized, subject to availability and prudent portfolio diversification objectives.

Performance (Gross %)

As of September 30, 2024	3 MOS.	1 YR	2 YRS	3 YRS	4 YRS	S.I.
UBC FPP FFF Equity & Bond Fund	5.5	19.5	15.9	5.0	6.9	9.5
Benchmark	5.6	22.6	15.4	6.0	7.2	9.6

Asset Mix (%)



Portfolio Summary

September 30, 2024

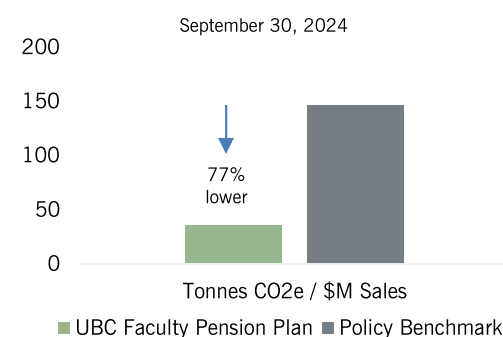
Inception date
March 31, 2020

Benchmark
45% FTSE Canada Universe
15% S&P/TSX Composite
40% MSCI World Net Ex. Canada

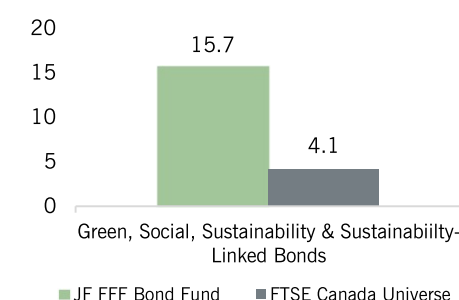
Top 10 Holdings

	% of Fund
Microsoft Corporation	2.6
Province of Ontario (6/2/2034)	2.2
Alphabet Inc.	2.1
Amazon.Com Inc.	1.9
Canadian National Railway	1.6
United Health Group Inc.	1.6
Province of Ontario (12/2/2053)	1.3
Boston Scientific Corporation	1.3
Mastercard Inc.	1.3
Interactive Brokers Group Inc.	1.2
Total for Top 10	17.2

Weighted Average Carbon Intensity (%)



Sustainable Finance Bonds (%)



Portfolio Review

The portfolio finished the quarter slightly behind the benchmark. Canadian equities performed well but underperformed the index. This was largely offset by outperformance in the foreign equity portfolio. Bonds had another nice quarter with the portfolio finishing slightly ahead of the index.

Canadian Equities

The Fossil Fuel Free Canadian Equity Fund provided solid absolute returns but trailed the benchmark in the third quarter, largely due to a pullback in the portfolio's industrial companies. AtkinsRealis (-7%) finished the quarter down after appreciating about 145% over the last two years. Its valuation remains attractive at these levels. Boyd Group Services (-20%) has underperformed year-to-date due to cyclically depressed volumes and the normalization of pandemic effects on the industry. We view the industry headwinds as temporary and are satisfied with Boyd's relative performance, taking approximately 4% market share. We maintain confidence in Boyd's ability to double revenue every five years through a combination of organic growth and mergers and acquisitions. Top contributors to performance included Colliers International Group (+34%) and Gildan Activewear (+23%), which continue to deliver strong results.

Global Equities

The Fossil Fuel Free Global Equity Fund did better than its benchmark during the third quarter. Our sector allocation was a positive contributor, with our underweight in Technology (+0.3%) and absence from Energy (-3.4%) both adding value. Regionally, our overweight position outside of the U.S. proved beneficial, as U.S. markets underperformed other developed markets during the quarter. In financials, AIA (+31%) posted solid results and announced a stock buyback, which was well received by the market. Despite facing macroeconomic pressures related to China earlier in the year, AIA's fundamental operating results remained resilient. In Health Care, UnitedHealth Group (+14%) reported stronger-than-expected second-quarter earnings and reaffirmed its guidance, highlighting continued outperformance in both its commercial health insurance and Optum Health divisions. Sherwin-Williams (+27%) performed well, driven by the expectation that lower interest rates should stimulate consumption in the paint markets. The main detractors were primarily concentrated in the broader technology sector. ASML (-20%) faced pressure due to the potential for increased regulation impacting its Chinese business. Google (-10%) also faced setbacks due to regulatory issues and ongoing concerns about increasing competition in its search business. In the consumer space, companies like Estée Lauder (-7%) underperformed as consumers continued to focus on value-driven purchases.

Bonds

For the quarter, the Fossil Fuel Free Bond Fund Portfolio performed better than its benchmark. Corporate spreads were modestly tighter quarter over quarter, as risk sentiment was supported by central bank easing in both Canada and the US. The portfolio's allocation to corporate securities, along with security selection in specific provincial and corporate sectors, contributed to its relative outperformance. Select infrastructure corporate holdings were notable contributors.

During the quarter, we initiated a new position in a Government of Canada Green Bond issued on March 5, 2024. The Government of Canada provides clear allocation and impact reporting, using a variety of metrics, which will allow us to track the investment's impact at the project level once reporting is available one year after issuance.

UBC FPP FFF Equity & Bond Fund

– Q3 2024

Investment Outlook

With global central bank policy makers fully engaged to support economic growth (with Japan the notable exception) and both risk assets and lending conditions being accommodative, the prospects for medium-term growth now appear to have tilted towards higher rather than lower growth conditions. The U.S. policy action was followed quickly by material stimulus and policy action in China, demonstrating that the two largest economies in the world are providing policy action to support economic growth. For fixed income markets, attention has shifted to determine the impact on longer term inflation expectations and term premium given the decisive shift in policy response. The impact of policy response, in combination with heightened global conflicts, provides a wider range in economic growth, commodity markets and thus inflation outcomes.

Looking forward, we continue to maintain a cautious outlook as valuations remain at elevated levels. Economic fundamentals remain relatively benign, with inflation having moderated and economic activity slower because of higher interest rates. Considering this, our focus is on identifying businesses with a reasonable margin of safety and positive long-term fundamentals underpinned by our stringent criteria for quality investments.

Holdings as at September 30, 2024. Carbon metrics and reporting generated on October 17, 2024. Portfolio weights are ex cash. Carbon Intensity = t CO2e/\$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 77.7% with 4.6% comprised of MSCI estimates; for benchmark, data availability is 70.7% with 3.1% comprised of MSCI estimates. 1. Please note MSCI classifies Toronto Hydro Corporation's sector as Industrials Weighted Average Carbon Intensity is the recommended metric for Fixed Income portfolios. Policy Benchmark = 45% FTSE Canada Universe Bond, 15% S&P/TSX Composite, 40% MSCI World Ex-Canada Net (C\$). Disclosure: This report may contain 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 the recipient's internal use only and may not be reproduced/disseminated 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.

All fund information including Number of holdings, Top 10 Holdings, Asset Mix and Carbon Footprint are provided on a look-through basis to the underlying JF FFF Funds. Returns for the underlying JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. C\$ Index returns and NAV values have been calculated using the London 4PM closing FX rates. JF Pooled Funds are only available to Canadian residents. Past performance is not a guide to future performance. Future returns are not guaranteed. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. This document is prepared by Jarislowsky, Fraser Limited (JFL) and is provided for information purposes only, it is not intended to convey investment, legal, tax or individually tailored investment advice. All opinions and estimates contained in this report constitute JFL's judgment as of the time of writing and are provided in good faith. All data, facts and opinions presented in this document may change without notification. No use of the Jarislowsky, Fraser Limited name or any information contained in this report may be copied or redistributed without the prior written approval of JFL. The Bank of Nova Scotia (BNS) is the parent company of Jarislowsky, Fraser Limited. BNS securities held in the portfolio are related securities. Source: TD Securities, S&P, Bloomberg, eVestment Alliance, MSCI Inc., FTSE TMX Global Debt Capital Markets Inc.