Q3 2024

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**

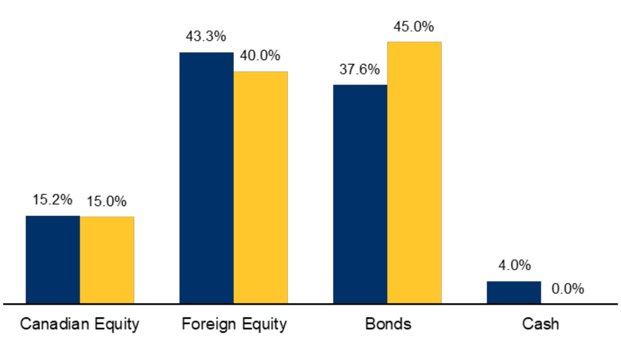
From time to time, an RBC Vision Fund may depart from its exclusion list when the investment manager has determined that it would be in the best interest of the fund to do so, such as when the exclusion list is based on data that has been rendered inaccurate or incomplete by subsequent developments or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

Performance (Gross)

	3 mos	*Since inception*
UBC Faculty Pension Plan Fossil Fuel Free Equity & Bond Fund *Portfolio managed by PH&N Institutional*	6.30%	11.96%
Benchmark	5.68%	12.69%

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 September 2024

Inception Date
January 27, 2023

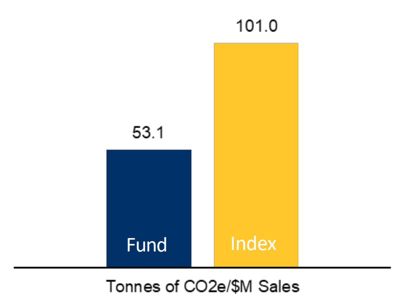
Benchmark

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

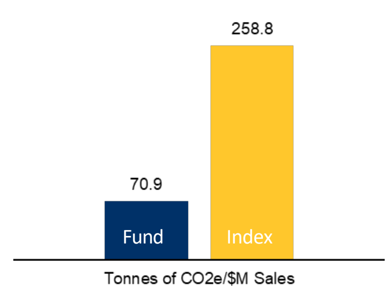
Top 10 Holdings	*% of Fund*
Govt of Quebec (09/01/32)	2.90
Microsoft Corporation	2.72
Amazon.com Inc	1.95
United Health Group Inc	1.93
U.S. Treasury (06/30/2029)	1.90
Canada Housing Trust (06/15/29)	1.86
Govt of Quebec (09/01/33)	1.70
Home Depot Inc	1.60
Safran SA	1.57
HCA Inc	1.56
Total for Top 10	**19.70**

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



Q3 2024 Commentary

Bonds: The global economy continues to decelerate, and inflation – a key focus of investors and policymakers since the pandemic – has become less of a concern. The need for highly restrictive monetary policy is no longer necessary, and in turn, many of the world's major central banks have already started lowering policy rates, including the Bank of Canada (BoC). Following its first cut in early June, the BoC further lowered its policy rate by 0.25% at each of its subsequent two meetings during the third quarter, with the policy rate now at 4.25%. Against this backdrop, Government of Canada (GoC) bond yields fell meaningfully over the third quarter, with short-term yields falling more than longer-term yields. The result was a steepening of the yield curve, which occurred faster and in greater magnitude than market expectations. Credit spreads were marginally tighter over the quarter. The RBC Vision Fossil Fuel Free Bond Fund (4.74%) finished ahead of the FTSE Canada Universe Bond Index (4.66%) over the period, driven primarily by contributions from credit and liquidity strategies. Conversely, duration positioning detracted from relative performance, while yield curve positioning was a neutral contributor.

Canadian Equities: The RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund delivered a positive return (12.78%) for the quarter and finished ahead of the S&P/TSX Composite Index (10.54%) in what marked a strong quarter for Canadian markets relative to global counterparts. While we wouldn't expect the strategy to regularly perform ahead of the broad market during a period of significantly positive returns like we've seen this year, we're pleased with the results and encouraged that the portfolio continues to execute its objective of delivering lower risk compared to traditional equity allocations. From a style perspective, lower-beta areas of the market outperformed during the quarter, with investors broadly favouring less-cyclical areas of the market despite some intra-quarter reversals. In addition, several alpha factors put forth positive performance. The Technical factor continued to perform positively. Value also showed signs of strength and was a positive performer over the period. At a sector level, 10/11 sectors contributed to positive absolute performance, led by Financials, Materials, and Consumer Staples.

Global Equities: Global equity markets faced several challenges over the quarter, including the unwind of the yen carry trade, the attempted assassination of a U.S. presidential candidate, escalating tensions in the Middle East, and slowing global growth. Despite these factors causing episodes of heightened volatility, global equities went on to notch their fourth consecutive quarter of gains, underpinned by better-than-expected earnings growth and a continued deceleration of inflation. Beneath the surface, the most recent quarter also brought a broadening of performance beyond a concentrated group of mega-cap stocks. Against this backdrop, the RBC Vision Fossil Fuel Free Global Equity Fund (5.58%) outperformed the MSCI World Net ex Canada Index (5.01%) in the quarter. At the sector level, Communications and Info Tech were the largest contributors to relative performance, while Industrials and Materials detracted the most.

Outlook

Bonds: Looking ahead, the bond market continues to price meaningfully lower short-term yields over the next 12 months in conjunction with expectations for further policy rate cuts, while long-term yields are expected to remain relatively unchanged, near 3% for Government of Canada bonds. We observe that yield volatility exhibits some relationship with policy rate moves and the market's expectations of those moves, and we also recognize that downside risks to the "soft-landing" scenario remain a possibility. As such, we expect volatility in yields to remain a theme in the short term and we will continue to look for opportunities to be tactical while remaining prudent in our interest rate positioning.

Canadian Equities: The case for equities to extend their gains will likely require further monetary easing and the avoidance of a hard landing. 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: In equity markets, mega-cap technology stocks have greatly benefited from optimism regarding the productivity improvements that artificial intelligence could bring, but the enthusiasm for these stocks may be getting tested. Over the past year, the "Magnificent-7"– a group of U.S. mega-cap technology stocks – have gained an average of 38%, far exceeding returns in other parts of the market. The resulting extreme valuations in these stocks could limit further gains and, even with impressive recent profit reports, U.S. mega-cap technology stocks stumbled in the later part of the past quarter. While the S&P 500 Index sits near the top of its fair-value channel, stocks in Canada, the UK, Europe and emerging markets are all trading below fair value and in some instances at particularly attractive discounts. Should the economy experience a soft landing, appealing opportunities exist in sectors that haven't fully participated in global stock gains since the start of the year, such as in small caps, international equities and value stocks, where gains have accelerated since July. Overall, we look for equities to deliver mid to high single-digit returns over the year ahead, and we favour segments of the market where valuations are less demanding.

Disclosure

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.

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