Q1 2025

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**

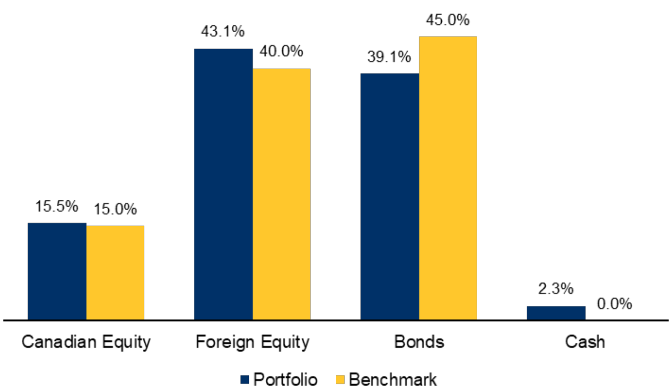
From time to time, an RBC Vision Fund may depart from its exclusion list when the investment manager has determined that it would be in the best interest of the fund to do so, such as when the exclusion list is based on data that has been rendered inaccurate or incomplete by subsequent developments or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

Performance (Gross)

	3 mos	*Since inception*
UBC Faculty Pension Plan Fossil Fuel Free Equity & Bond Fund *Portfolio managed by PH&N Institutional*	0.15%	10.64%
Benchmark	0.45%	11.43%

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 March 31, 2025

Inception Date
January 27, 2023

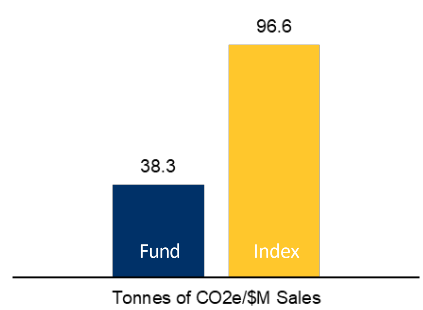
Benchmark

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

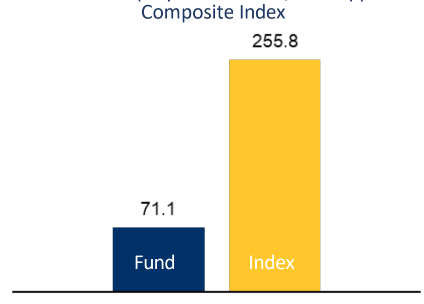
Top 10 Holdings	*% of Fund*
Govt. of Canada (03/01/30)	4.05
Govt. of Canada (05/01/27)	2.88
Microsoft Corporation	2.87
Govt. of Quebec (09/01/32)	2.24
Amazon.com Inc	2.05
United Health Group Inc	1.78
Autozone Inc	1.67
Safran SA	1.57
TJX Cos Inc	1.51
Procter & Gamble Co	1.45
Total for Top 10	**22.07**

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



Q1 2025 Commentary

Bonds: The imposition of tariffs by the U.S. and the potential repercussions on economic growth and inflation were a key theme during the first quarter. The result was heightened volatility in both Government of Canada bond yields and market expectations for policy rate cuts over the first quarter. The Bank of Canada ultimately cut policy rates twice during the quarter from 3.25% to 2.75% primarily as a precautionary measure related to the potential impact of tariffs on economic growth in Canada. Government of Canada bond yields ended the first quarter lower, which more than offset the negative impact of modestly wider credit spreads, resulting in the FTSE Canada Universe Bond Index posting a positive return of 2.0% over the period. The RBC Vision Fossil Fuel Free Bond Fund finished in line with the FTSE Canada Universe Bond Index, with small positive contributions from credit and liquidity strategies offsetting the small negative impact from interest rate anticipation strategies.

Canadian Equities: The first quarter of 2025 was marked by heightened volatility across major developed equity markets as President Trump's tariff policy cast an atmosphere of uncertainty over global trade, unsettling investor sentiment. This dynamic led to a notable shift in leadership, with gains in large-cap growth companies – a distinguishing characteristic of 2024 – retreating in favour of more defensive assets. The S&P/TSX Composite Index finished the quarter posting slightly positive returns, and the RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund meaningfully outperformed the broad market over the period amidst the heightened volatility. Moreover, the portfolio also continued to deliver on its objective of delivering lower risk compared to traditional equity allocations. From a style perspective, the quarter rewarded lower-beta areas of the market, and the portfolio benefited as a result, given its bias towards more stable and defensive companies.

Global Equities: 2025 began with global equity markets at record levels and investors optimistic about the outlook. However, as President Trump began imposing tariffs, stocks encountered significant volatility and more than erased their initial gains. Global equities also saw a shift in market leadership over the quarter. After two years making up the lion's share of market gains, U.S. technology stocks suffered a sharp decline. In contrast, international stocks were the best performers, with European bank and defense stocks benefitting from easing monetary policy and expectations of fiscal loosening, regulatory unwinding, and stronger economic growth. While the RBC Vision Fossil Fuel Free Global Equity Fund's underweight position in the Magnificent 7 stocks contributed to relative performance, our commitment to investing in companies with strong competitive dynamics meant the rally in lower-quality international stocks detracted. At the sector level, Info Tech and Financials were the largest detractors from relative performance, while Communication Services and Consumer Discretionary were the largest contributors.

Outlook

Bonds: Bond yields have declined but remain attractive compared to the ultra-low yields of the past decade, with the Government of Canada 10-year bond yield having declined from its October 2023 peak of 4.2% to 3.0%. The BoC continued to cut its policy rate, reaching 2.75% by the end of the first quarter. Against a backdrop of economic growth uncertainty, market expectations are for further easing, but the future path of policy rates will remain data dependent. This has contributed to continuing volatility in bond yields and wider credit spreads over the first quarter. Despite this, credit remains an attractive source of incremental yield for fixed income portfolios, though there is risk of further spread widening should we encounter a risk-off scenario. With compensation-for-risk below historical averages, we continue to employ a cautious approach to portfolio positioning with a bias towards less economically sensitive and high-quality issuers.

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: Stocks began to fall toward the end of February after reaching record levels earlier in the quarter as investors shied away from risk taking amid heightened uncertainty. The sell-off was concentrated in the most expensive U.S. stocks, whereas other markets which are more attractively priced, such as European equities, have delivered impressive gains so far this year. According to our models, U.S. large-cap equities remain expensive and require continued strong earnings growth to support further gains. The consensus of analysts' estimates looks for double-digit earnings growth this year and next, although those estimates may be subject to downward revisions should tariffs remain in place for an extended period, leaving stocks vulnerable given their elevated starting point. Our return estimates range from mid- to high-single digit returns over the year ahead depending on the region, but large error bands exist around our central forecasts.

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