

Sun Life Real Assets Private Pool

FUND COMMENTARY | Q4 2021

Opinions and commentary by Sun Life Global Investments.

Following a strong start to the quarter, global equity markets pulled back in September due to concerns around inflation, growth, ongoing COVID-19 worries, the US political impasse as well as the uncertainty in China. In this environment, real assets posted mixed returns, with global listed infrastructure outperforming.

In terms of relative positioning, the fund maintains a tilt towards Natural Resources. In turn, the fund is modestly underweight Infrastructure and global REITs.

The Infrastructure component of the fund favours assets with high revenue certainty, profitability and lower volatility. The strategy remains biased towards Europe in reference to more favorable valuations. An underweight to energy drove benchmark relative returns during the quarter. On an absolute basis, while positions in railroads and diversified utilities detracted, positions in regulated utilities, communications infrastructure and toll roads contributed.

The real estate component of the fund favours higher quality real estate and generally looks to invest in property types experiencing real cash flow growth, with strong balance sheets and managed by skillful teams. Stock selection remains the primary driver of returns. The strategy continues to favour apartments, manufactured homes, self-storage and industrial properties.

The Resources component focuses on Clean Energy, Water, and Agriculture. Resource scarcity is a fundamental underpinning of the strategy, which invests in companies providing solutions to demand, supply and efficiency in the provision of food, energy, water, as well as mitigation and adapting to the impact of climate change. An underweight position and stock selection within materials were the largest contributors to relative performance. On the other hand, as the fund does not hold fossil fuels, the underweight to energy detracted with the continued rise in oil prices.

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Fund performance

COMPOUND RETURNS %¹	Since Inception ²	5 Year	3 Year	1 Year	Q4
Sun Life Real Assets Private Pool - SERIES A	6.4	9.1	13.3	20.5	9.0
Sun Life Real Assets Private Pool - SERIES F	7.6	10.3	14.6	21.9	9.3
Benchmark ³	6.2	7.3	9.3	20.0	7.1

¹Returns for periods longer than one year are annualized. Data as of December 31, 2021.

²Partial calendar year. Returns are for the period from the fund's inception date of February 2, 2015 to December 31, 2015.

³Blended benchmark comprised of: 35% FTSE EPRA/NAREIT Developed Real Estate Index (C\$), 35% S&P Global Infrastructure Index (C\$), 30% S&P Global Natural Resource Index (C\$).

On May 31, 2019, Sun Life Real Assets Fund, previously Sun Life Infrastructure Fund, changed its name and underwent a change in investment objective. On February 26, 2020 Sun Life Real Assets Fund was renamed Sun Life Real Assets Private Pool.

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While Series A and Series F securities have the same reference portfolio, any difference in performance between these series is due primarily to differences in management fees and operating fees. The management fee for Series A securities also includes the trailing commission, while Series F securities does not. Series A securities of the fund are available for purchase to all investors, while Series F securities are only available to investors in an eligible fee-based or wrap program with their registered dealer. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

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