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# SLGI ASSET MANAGEMENT INC.

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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2024

Sun Life Crescent Specialty Credit Private Pool



# Sun Life Crescent Specialty Credit Private Pool

This interim management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the semi-annual financial statements (unaudited) by calling 1-877-344-1434, by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com) or by writing to us at SLGI Asset Management Inc., 1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6. The financial statements are available on our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

SLGI Asset Management Inc. (the "Manager") is an indirect wholly owned subsidiary of Sun Life Financial Inc.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

During the period, the net asset value of the Sun Life Crescent Specialty Credit Private Pool (the "Fund") increased from \$166.7 million to \$203.3 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 2.7% for Series A securities, this result lagged the Fund's blended benchmark, 50.0% ICE Bank of America Merrill Lynch U.S. High Yield Index (CAD Hedged), 50.0% Morningstar LSTA Leveraged Loan Index (CAD Hedged), which returned 3.2%. The broad-based index, FTSE Canada Universe Bond Index, returned -0.4%. We have included the returns of the broad-based index to help you understand how the Fund performed compared to the general market. We have also included the returns for the Fund's blended benchmark, which more closely reflects the market sectors and/or asset classes in which the Fund invests, to provide another comparison to the performance of the Fund. Please refer to the 'Past Performance' section of this report for performance of each series of securities of the Fund.

The Fund outperformed its broad-based benchmark due to its allocation to high yield fixed income. During the reporting period high-yield fixed income outperformed investment grade fixed income.

The beginning of 2024 saw a significant shift in the outlook of inflation and interest rate expectations. Initially, the fixed income markets anticipated faster central bank action to lower interest rates. However, expectations were scaled back as inflation remained elevated in major economies like the U.S and the Eurozone. Both the regions initially reported inflation rates exceeding forecasts, raising alarms about the enduring nature of service sector inflation.

During the period, Bank of Japan was an exception among developed economies as it increased interest rates for the first time in 17 years, signalling an end to negative interest rates. While most central banks remained cautious initially, the Swiss National Bank was the first to cut interest rates. While the Federal Reserve kept rates unchanged, the Bank of Canada (the "BOC") cut its overnight interest rates to 4.75%, down from 5%. The European Central Bank (the "ECB") also reduced interest rates in June as inflation declined significantly during the first half of the year and economic data began to show weakness. Bond yields dropped in response to the interest rate cut by the BOC and the ECB leading to positive returns.

Across Emerging Markets, fixed income returns from hard currency and local currency bonds were positive for the period and outperformed. Emerging markets central banks led with interest cuts as they benefitted from lower levels of inflation compared to developed economies. High yield bonds outperformed investment grade bonds during the period. Investment grade bonds are the highest quality bonds as determined by a credit rating agency; high yield bonds are more speculative, with a credit rating below investment grade. Strong U.S. economic growth and lower default rates helped high yield bonds to outperform.

The Fund's position in Narrowly Syndicated Credit sub-asset class contributed to performance. The Fund's overweight position to Bank Loans (floating rate coupon) contributed to performance. The loan market outperformed the bond market (fixed rate coupon) by over 170 basis points through the second half of the reporting period. The Fund also benefitted from security selection in the BB rated credit tier.

The Fund's underweight positioning in the CCC rated securities detracted from relative performance given CCCs were the best performing credit tier during first half of 2024. The Fund maintained a benchmark neutral positioning in the B rated credit tier, however security selection within the credit tier detracted from relative performance.

# Sun Life Crescent Specialty Credit Private Pool

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## Recent Developments

Effective July 1, 2024, SLGI Asset Management Inc. was pleased to offer additional enhancements to its fixed income line-up in the form of management fee reductions. The management fee of Sun Life Crescent Specialty Credit Private Pool Series A, and F were lowered from 1.25% to 1.2%, and 0.75% to 0.70%, respectively. SLGI Asset Management Inc. is driven to make investing accessible through products that help Canadian investors achieve financial security. The lower management fees strengthen the Sun Life fixed income offering in Canada. With deep expertise across public and private fixed income, SLGI Asset Management Inc. recognizes the importance of having access to a broad fixed income line-up to build forward-looking solutions in the current market environment.

Global tensions and conflicts within some geographic regions, such as the ongoing military conflict in Ukraine, have continued to impact global markets and economies. In addition, there continue to be tensions between larger nations over a number of issues, including trade, technology, human rights, and sovereignty. These issues have, in some cases, resulted in government sanctions and trade restrictions. These global tensions and regional conflicts, documented in the media, create a more challenging operating environment. The longer-term impact to geopolitical norms, supply chains and investment valuations is uncertain. The Manager continues to watch for developments and assess the impact to investment strategies.

## Related Party Transactions

SLGI Asset Management Inc. is the manager, trustee and portfolio manager of the Fund. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

The Manager is responsible for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Fund.

As trustee, the Manager holds legal title to the Fund's investments in trust for securityholders.

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. The Manager has retained Crescent Capital Group LP, an affiliate of the Manager, to act as sub-advisor for the Fund. The sub-advisor to Crescent Capital Group LP is Sun Life Capital Management (U.S.) LLC ("SLC U.S."), an affiliate of the Manager. Sun Life Financial Inc. has an indirect majority ownership interest in Crescent Capital Group LP.

The Fund may have direct or indirect holdings in Sun Life Financial Inc. or its affiliates or other funds managed by the Manager or its affiliates. Funds managed by the Manager, or its affiliates, may invest in securities of the Fund.

The Manager has a distribution agreement with Sun Life Financial Investment Services (Canada) Inc. (the "Dealer"), a company under common control, under which the Dealer may distribute securities of the funds offered by the Manager in the jurisdictions in which the Dealer is so authorized.

## Fund Administrative Expenses

The Manager pays certain operating expenses of the Fund (the "Administration Expenses") in return for a fixed administration fee paid to the Manager by the Fund ("Administration Fee"). The Administration Fee is based on the net asset value of each series of securities of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as Fixed annual administration fees in the Fund's Statements of Comprehensive Income found in the semi-annual financial statements (unaudited).

The Fund also pays certain operating expenses directly (the "Fund Costs"). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Independent Review Committee ("IRC"); taxes payable by the Fund; contingent fees for foreign tax reclaim filings; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. The Fund allocates Fund Costs proportionately among each series of securities of the Fund to which they apply. The Fund Costs that are specific to a series of securities are allocated to that series. These amounts are paid out of the assets attributed to each series of securities of the Fund, which reduces the return you may receive.

# Sun Life Crescent Specialty Credit Private Pool

Fees and expenses payable to or in connection with the Independent Review Committee ("IRC") are allocated to the fund and series to which they apply in a manner that, in the Manager's view, is considered fair and reasonable. For the purpose of allocating IRC costs across the Funds, the Manager distinguishes between two categories of Funds: Funds that are structured as fund of funds and Funds that hold direct investments. The Manager has determined that, based on the complexity of the issues to be reviewed by the IRC for the Funds in each category, it is appropriate for the Funds that are structured as fund of funds to be allocated a lesser proportion of IRC costs than Funds that hold direct investments. The Manager first attributes IRC costs to each such category of Funds, and then allocates such costs equally between the Funds in each category. The amounts of these charges are disclosed in the line item "Independent review committee fees" in the Fund's Statements of Comprehensive Income (Loss).

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the previous five years or for the period(s) since inception to June 30, 2024.

### The Fund's Net Asset Value per Security (\$)<sup>(1)</sup>

#### Sun Life Crescent Specialty Credit Private Pool - Series A

	2024 (\$)	2023 (\$)	2022 (\$)
Net asset value, beginning of period	10.04	9.82	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.43	0.73	0.28
Total expenses	(0.08)	(0.16)	(0.07)
Realized gains (losses) for the period	0.10	(0.04)	(0.19)
Unrealized gains (losses) for the period	(0.18)	0.39	(0.09)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.27</b>	<b>0.92</b>	<b>(0.07)</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.27)	(0.65)	(0.16)
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	(0.01)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.27)</b>	<b>(0.65)</b>	<b>(0.17)</b>
<b>Net asset value, end of period</b>	<b>10.04</b>	<b>10.04</b>	<b>9.82</b>

#### Sun Life Crescent Specialty Credit Private Pool - Series F

	2024 (\$)	2023 (\$)	2022 (\$)
Net asset value, beginning of period	9.67	9.82	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.41	0.73	0.25
Total expenses	(0.05)	(0.10)	(0.05)
Realized gains (losses) for the period	0.11	(0.15)	(0.22)
Unrealized gains (losses) for the period	(0.17)	1.62	0.04
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.30</b>	<b>2.10</b>	<b>0.02</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.30)	(1.09)	(0.18)
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	(0.02)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.30)</b>	<b>(1.09)</b>	<b>(0.20)</b>
<b>Net asset value, end of period</b>	<b>9.65</b>	<b>9.67</b>	<b>9.82</b>

#### Sun Life Crescent Specialty Credit Private Pool - Series I

	2024 (\$)	2023 (\$)	2022 (\$)
Net asset value, beginning of period	10.13	9.81	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.43	0.72	0.25
Total expenses	(0.01)	(0.01)	-
Realized gains (losses) for the period	0.10	(0.03)	(0.22)
Unrealized gains (losses) for the period	(0.18)	0.35	0.02
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.34</b>	<b>1.03</b>	<b>0.05</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.34)	(0.71)	(0.23)
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	(0.02)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.34)</b>	<b>(0.71)</b>	<b>(0.25)</b>
<b>Net asset value, end of period</b>	<b>10.13</b>	<b>10.13</b>	<b>9.81</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements and from the semi-annual unaudited financial statements for the current period ended June 30, 2024.

<sup>(2)</sup> Net Assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.

<sup>(3)</sup> Distributions were paid in cash, reinvested in additional securities of the Fund, or both.

## Ratios and Supplemental Data

#### Sun Life Crescent Specialty Credit Private Pool - Series A

	2024	2023	2022
Total net asset value (\$000s) <sup>(1)</sup>	539	390	285
Number of securities outstanding (000s) <sup>(1)</sup>	54	39	29
Management expense ratio (%)	1.58	1.61	1.61
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.58	1.61	1.61
Trading expense ratio (%) <sup>(3)</sup>	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	57.78	86.28	24.56
Net asset value per security (\$) <sup>(1)</sup>	10.04	10.04	9.82

# Sun Life Crescent Specialty Credit Private Pool

## Sun Life Crescent Specialty Credit Private Pool - Series F

	2024	2023	2022
Total net asset value (\$000s) <sup>(1)</sup>	5,178	2,696	10
Number of securities outstanding (000s) <sup>(1)</sup>	536	279	1
Management expense ratio (%)	0.98	1.02	1.03
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.98	1.02	1.03
Trading expense ratio (%) <sup>(3)</sup>	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	57.78	86.28	24.56
Net asset value per security (\$) <sup>(1)</sup>	9.65	9.67	9.82

## Sun Life Crescent Specialty Credit Private Pool - Series I

	2024	2023	2022
Total net asset value (\$000s) <sup>(1)</sup>	197,548	163,568	153,177
Number of securities outstanding (000s) <sup>(1)</sup>	19,504	16,150	15,611
Management expense ratio (%)	0.11	0.11	0.11
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.11	0.11	0.11
Trading expense ratio (%) <sup>(3)</sup>	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	57.78	86.28	24.56
Net asset value per security (\$) <sup>(1)</sup>	10.13	10.13	9.81

- <sup>(1)</sup> This information is provided as at December 31 of the period shown, except for the most recent semi-annual period, which is at June 30, 2024.
- <sup>(2)</sup> Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) including the Fund's allocated percentage of Fund-on-Funds' expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.
- <sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.
- <sup>(4)</sup> The Fund's portfolio turnover ratio indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover ratio in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

## Management Fees

The maximum annual management fee paid by the Fund is a percentage of the average daily net asset value of each series of securities of the Fund exclusive of any applicable taxes and operating expenses, which is accrued daily and is paid to the Manager monthly in arrears. Management fees pay for portfolio and investment advisory services, oversight of any service providers, marketing and promotional activities, arranging for the distribution and sale of securities of the Fund, general administration of Fund operations and sales and trailing commissions paid to dealers.

The percentages and major services paid for out of the management fees are set out below:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) <sup>(*)</sup>	General Administration, Investment Advice and Profit (%)
Series A Securities	1.20	36	64
Series F Securities	0.70	-	100
Series I Securities <sup>(*)</sup>	-	-	100

<sup>(\*)</sup> Includes sales and trailing commissions.

<sup>(\*)</sup> Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the Manager.

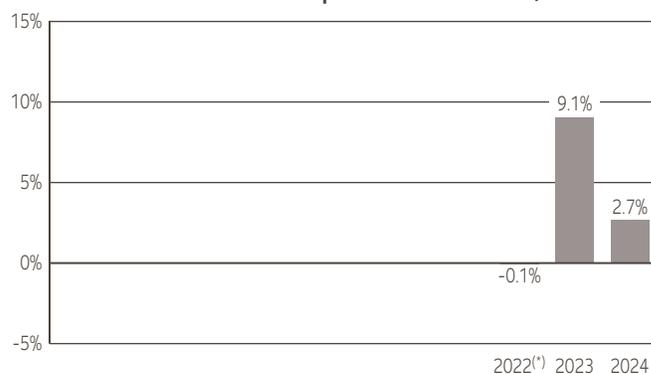
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any securityholder that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

## Year-by-Year Returns

The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

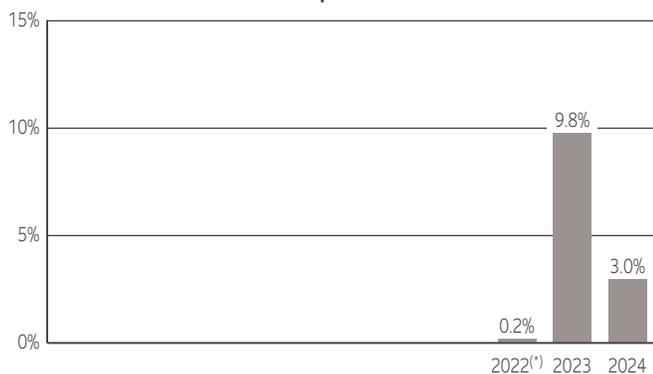
Series A Securities – Annual return for the periods ended December 31 and the six month period ended June 30, 2024



<sup>(\*)</sup> for the period of July 18, 2022 to December 31, 2022.

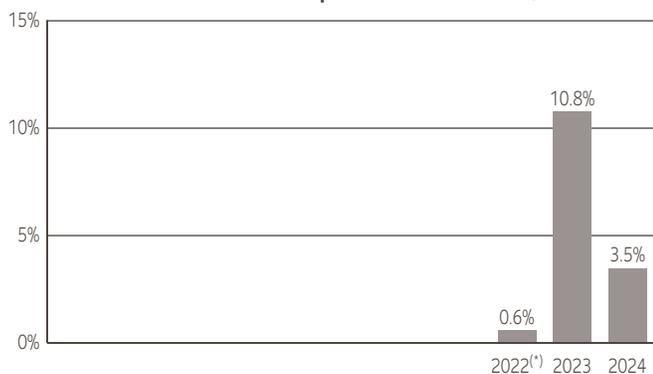
# Sun Life Crescent Specialty Credit Private Pool

## Series F Securities – Annual return for the periods ended December 31 and the six month period ended June 30, 2024



(\*) for the period of July 18, 2022 to December 31, 2022.

## Series I Securities – Annual return for the periods ended December 31 and the six month period ended June 30, 2024



(\*) for the period of July 18, 2022 to December 31, 2022.

## Summary of Investment Portfolio \*

as at June 30, 2024

### Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Cash and Cash Equivalents	7.6
2 TransDigm Inc., 8.06%, Aug 24, 2028	1.2
3 Medline Borrower LP, 8.08%, Oct 23, 2028	0.9
4 Calpine Corp., 2.00%, Jan 20, 2031	0.8
5 1011778 BC ULC, 1.75%, Sep 23, 2030	0.7
6 Caesars Entertainment Inc., 8.07%, Jan 27, 2031	0.7
7 Cloud Software Group Inc., 4.50%, Mar 29, 2029	0.7
8 Vistra Operations Co. LLC, 7.75%, Oct 15, 2031	0.6
9 Gen Digital Inc., 7.17%, Sep 12, 2027	0.6
10 GTCR W Merger Sub LLC, 3.50%, Sep 20, 2030	0.6
11 Elanco Animal Health Inc., 1.75%, Feb 04, 2027	0.6
12 AthenaHealth Group Inc., 8.58%, Feb 15, 2029	0.6
13 Iron Mountain Inc., 7.57%, Jan 31, 2031	0.5
14 C&W Senior Financing DAC, 6.88%, Sep 15, 2027	0.5
15 HUB International Ltd., 4.00%, Jun 20, 2030	0.5
16 Frontier Communications Holdings LLC, 8.75%, May 15, 2030	0.5
17 Prime Security Services Borrower LLC, 7.58%, Oct 15, 2030	0.5
18 AppLovin Corp., 3.00%, Aug 19, 2030	0.5
19 Venture Global LNG Inc., 8.13%, Jun 01, 2028	0.5
20 PetSmart Inc., 9.17%, Feb 12, 2028	0.5
21 Gainwell Acquisition Corp., 9.41%, Oct 01, 2027	0.5
22 CCO Holdings LLC / CCO Holdings Capital Corp., 5.00%, Feb 01, 2028	0.5
23 Marriott Ownership Resorts Inc., 7.57%, Mar 17, 2031	0.4
24 Alliant Holdings Intermediate LLC / Alliant Holdings Co., 6.75%, Oct 15, 2027	0.4
25 MH Sub I LLC, 9.58%, Apr 25, 2028	0.4
	<b>21.8</b>
<b>Total Net Asset Value (000s)</b>	<b>\$ 203,266</b>

### Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
U.S. Corporate Bond	85.2
Cash and Cash Equivalents	7.6
International Corporate Bond	7.1
Canadian Corporate Bond	4.7
Other Assets less Liabilities	(4.6)
	<b>100.0</b>

# Sun Life Crescent Specialty Credit Private Pool

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## Asset Allocation

	Percentage of Net Asset Value of the Fund (%)
U.S. Fixed Income	85.2
Cash and Cash Equivalents	7.6
International Fixed Income	7.1
Canadian Fixed Income	4.7
Other Assets less Liabilities	(4.6)
	<b>100.0</b>

(\*) All information is as at June 30, 2024. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Unless otherwise noted positions are long. You may obtain quarterly updates to these holdings free of charge by calling us at 1-877-344-1434, visiting our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

## Forward-Looking Statements

*This management report of fund performance may contain forward-looking statements about the Fund, including its strategies, results of operations, performance and condition. Forward-looking statements include statements that are predictive in nature, or that depend upon or refer to future events or conditions. They are based on current beliefs, expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and various economic factors. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, technological changes, changes in government regulations or in tax laws and pandemics. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective", and similar expressions are intended to identify forward-looking statements. The Manager does not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this document or to reflect new information or the occurrence of unanticipated events, except as required by law.*

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

### Sun Life Crescent Specialty Credit Private Pool

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