
SLGI ASSET MANAGEMENT INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period from June 28, 2023 to December 31, 2023

Sun Life Acadian International Equity Fund



Sun Life Acadian International Equity Fund

This annual 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 annual financial statements by calling 1-877-344-1434, by sending an email to us at 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 and on SEDAR at 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

Investment Objectives and Strategies

The fundamental objectives of the Sun Life Acadian International Equity Fund (the "Fund") are to seek long term capital appreciation by investing primarily in equity securities of issuers located outside of Canada and the U.S. that are considered to be undervalued compared to their perceived worth, or by investing in securities of other investment funds (including mutual funds and exchange traded funds) that invest in such securities. The Fund seeks to reduce its carbon exposure in a manner that is consistent with achieving global net zero greenhouse gas emissions and carbon emissions by 2050.

The Fund's sub-advisor is Acadian Asset Management LLC (the "Sub-Advisor"). In pursuing the Fund's investment objectives, the Sub-Advisor utilizes a bottom-up approach to selecting investments primarily based on quantitative models. Investments are evaluated based on value compared to perceived worth, quality, and momentum characteristics. The Fund may also consider top-down macro analysis of market, economic, political, and regulatory conditions.

The Fund seeks to reduce the Fund's 2030 carbon exposure relative to the Fund's baseline levels by at least 50%, and achieve further reductions in a manner that is consistent with achieving global net zero greenhouse gas emissions and carbon emissions by 2050, by investing in issuers that have lower carbon intensity than their peers, or are expected to reduce carbon intensity over time.

Risk

There were no changes in the Fund's investment objectives or strategies during the period which materially impacted the overall level of risk in the Fund. The risks associated with investing in the Fund remain as outlined in the Fund's Simplified Prospectus.

As at December 31, 2023, the majority of the Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

Results of Operations

During the period, the net asset value of the Fund increased from \$0.0 million to \$747.9 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 5.1% for Series I securities, this result lagged the Fund's benchmark, MSCI AC World ex USA Value Index C\$, which returned 7.8%. The broad-based index, MSCI AC World Index C\$, returned 6.9%. We have included the returns of the broad-based index to help you understand how the Fund performed compared to the general market. Please refer to the 'Past Performance' section of this report for performance of each series.

The Fund lagged the broad-based index during the period due to lower exposure to U.S. equity securities. U.S. equity securities outperformed other equity markets during the period.

After a volatile 2022 which saw equity markets worldwide suffer meaningful declines, global equity markets rebounded strongly over the period. Investor sentiment turned positive with many equity investors shrugging off interest rate hikes and fears of bank runs/failures, seemingly envisioning a scenario where central banks successfully tame inflation with only modest slowing in economic growth, corporate earnings, and employment.

Over the period, monetary policy actions by central banks worked as expected to slow economic activity and ease inflationary pressures. Inflation continues, however, to remain persistently high. Central banks have continued to signal their commitment to restore price stability by warning that further increases in interest rates may still be necessary. The U.S. Federal Reserve Board raised interest rates by a cumulative 1.00 percentage points over the period. Meanwhile, the Bank of Canada raised rates by a cumulative 0.75 percentage points. As the year ended, there appears to be increasing expectations for leading central banks to pivot from rate hikes to rate cuts some time in 2024.

Sun Life Acadian International Equity Fund

Geopolitical tensions continued to make headlines over the period. As the Russia-Ukraine military conflict continues, the longer-term geopolitical consequences and risks remain poorly understood beyond near-term vulnerabilities in energy and food security. The impact of sanctions applied on Russia has reconfigured global supply chains and increases operational complexity for companies with international operations. In October 2023, the Israel-Palestine conflict reignited and while its impact on global markets appears to be muted thus far, there is potential for the conflict to escalate which may impact energy prices and disrupt global shipping routes.

Equity markets rebounded sharply from 2022 buoyed by optimistic investor expectations, especially in artificial intelligence (AI) with the so-called "Magnificent 7" mega-cap technology-oriented stocks leading the way. Investors have seemingly overlooked the factors that weighed on markets last year, namely the Russia-Ukraine conflict, COVID-19-related supply chain disruptions, falling global demand and hawkish monetary policies. Among equities, the Information Technology sector has been among the leading performers driven by optimism in AI-related innovation.

An overweight allocation to DSV A/S detracted from performance. The stock price went down due to fall in income and revenue for the company. The company saw lower transport volumes due to global slowdown. An underweight allocation to Novartis AG detracted from performance. The stock price went up due to increase in therapeutic drug sales and higher income for the company. An overweight allocation to BP PLC detracted from performance. The stock prices came down due to lower revenue and fall in oil and gas prices.

An overweight allocation to Novo Nordisk A/S contributed to performance. The stock price went up due to strong demand for the weight loss drugs manufactured by the company. An overweight allocation to James Hardie Industries PLC contributed to performance. The stock price went up due to increase in income and revenue.

ESG Impact

The Manager launched the Fund on June 28, 2023. The Fund follows an active investment approach which takes into consideration Environmental, Social and Governance ("ESG") factors. The Fund invests in equity securities seeking to reduce the carbon exposure in a manner that is consistent with achieving global net zero greenhouse gas emissions and carbon emissions by 2050. The Fund incorporates a carbon glidepath to ensure that it meets the specified carbon reduction target. Since the glidepath is implemented at the portfolio level, securities may be purchased or sold based on other risk or return criteria while still ensuring the carbon reduction objective is met.

During the period, the Fund continued to apply its strategy of ESG research and continued to invest in companies that are believed to have favourable ESG characteristics. Within the period, the Fund initiated a new position in Trustpilot Group PLC. This company is attractive on valuation, quality, and growth, with a high ESG score and a relatively high management behavior score.

Within the period, the Fund reduced the allocation to Precision Drilling Corp. While this company remains attractive on valuation and quality, it has a below average ESG score and a poor management behavior score. The purchase of Trustpilot Group PLC and the reduction in the portfolio's position in Precision Drilling Corp. were directionally consistent with the objective of reducing the portfolio's weighted average carbon intensity. Trustpilot Group PLC, a media company, has a carbon intensity approximately two thirds lower than Precision Drilling Corp., which is involved in energy production. Overall, the net impact resulted in a modest decrease in the portfolio's weighted average carbon intensity.

Recent Developments

The composition of the Fund's independent review committee ("IRC") changed during the period. André Fok Kam completed his term and Ann David was appointed effective July 1, 2023.

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 continues 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.

Sun Life Acadian International Equity 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 Acadian Asset Management LLC to act as a sub-advisor for the Fund.

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 any regulatory fees and expenses payable 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 Statement of Comprehensive Income found in the annual financial statements.

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 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.

Fees and expenses payable to or in connection with the 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. The amounts of these charges are disclosed in the line item "Independent review committee fees" in the Fund's Statement 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 December 31, 2023.

The Fund's Net Asset Value per Security (\$) ⁽¹⁾

Sun Life Acadian International Equity Fund - Series I

	2023 (\$)
Net asset value, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.13
Total expenses	(0.03)
Realized gains (losses) for the period	(0.21)
Unrealized gains (losses) for the period	0.64
Total increase (decrease) from operations⁽²⁾	0.53
Distributions:	
From income (excluding dividends)	-
From dividends	(0.10)
From capital gains	-
Return of capital	-
Total annual distributions⁽³⁾	(0.10)
Net asset value, end of period	10.41

⁽¹⁾ This information is derived from the Fund's audited annual financial statements.

⁽²⁾ 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.

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

Sun Life Acadian International Equity Fund

Ratios and Supplemental Data

Sun Life Acadian International Equity Fund - Series I

	2023
Total net asset value (\$000s) ⁽¹⁾	747,922
Number of securities outstanding (000s) ⁽¹⁾	71,817
Management expense ratio (%)	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06
Trading expense ratio (%) ⁽³⁾	0.27
Portfolio turnover rate (%) ⁽⁴⁾	44.18
Net asset value per security (\$) ⁽¹⁾	10.41

⁽¹⁾ This information is provided as at December 31 of the period shown, as applicable.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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.

Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the Manager.

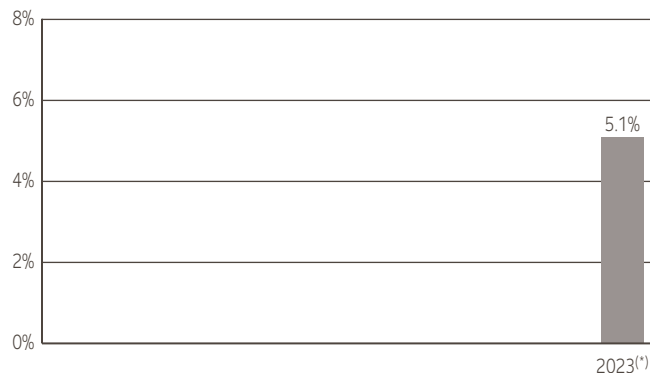
Past Performance

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 financial year.

Series I Securities – Annual return for the period ended December 31, 2023



^(*) for the period of July 12, 2023 to December 31, 2023.

Annual Compound Returns

The table compares the historical annual compound total returns of Series I securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the "Benchmark") is composed of: MSCI AC World ex USA Value Index C\$

The Series I units underperformed the benchmark since inception.

The following are the broad-based index or indices: Broad-based index - MSCI AC World Index C\$

A discussion of the Fund's performance compared to its benchmark and broad-based index or indices, if applicable, can be found in the Results of Operations section.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾
Series I	-	-	-	-	5.1%
Benchmark	-	-	-	-	7.8%
Broad-based index	-	-	-	-	6.9%

⁽¹⁾ The performance start date for Series I securities was July 12, 2023.

INDEX DESCRIPTION(S)

The MSCI AC World ex USA Value Index C\$ is a market capitalization weighted index that is designed to provide a measure of the performance of large and mid cap value segments throughout the world, with the exception of U.S.-based companies. The MSCI AC World ex USA Value Index includes both developed and emerging markets.

Sun Life Acadian International Equity Fund

The MSCI AC World Index C\$ is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in global developed and emerging markets.

Summary of Investment Portfolio*

as at December 31, 2023

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Novartis AG	3.0
2 BP PLC, ADR	2.4
3 Industria de Diseno Textil SA	2.2
4 Stellantis NV	2.1
5 SAP SE	2.1
6 ASE Technology Holding Co., Ltd., ADR	1.9
7 CRH PLC	1.8
8 James Hardie Industries PLC	1.8
9 China Construction Bank Corp.	1.7
10 Novo Nordisk A/S	1.6
11 Roche Holding AG	1.5
12 Wolters Kluwer NV	1.5
13 Logitech International SA	1.4
14 PetroChina Co., Ltd.	1.3
15 Centrica PLC	1.3
16 Spotify Technology SA	1.3
17 Aristocrat Leisure Ltd.	1.2
18 Oversea-Chinese Banking Corp., Ltd.	1.2
19 Cash and Cash Equivalents	1.2
20 TeamViewer SE	1.1
21 Shell PLC	1.1
22 Shell PLC, ADR	1.1
23 Kuehne + Nagel International AG	1.1
24 AP Moller - Maersk A/S	1.0
25 Agricultural Bank of China Ltd.	1.0
	38.9
Total Net Asset Value (000s)	\$ 747,922

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	21.1
Information Technology	14.8
Energy	14.7
Industrials	12.3
Consumer Discretionary	11.1
Materials	9.2
Health Care	7.6
Communication Services	3.6
Utilities	3.2
Cash and Cash Equivalents	1.2
Consumer Staples	1.1
Real Estate	0.1
Other Assets less Liabilities	-
	100.0

Geographic Allocation

	Percentage of Net Asset Value of the Fund (%)
Other	47.2
Japan	10.0
Switzerland	9.2
United Kingdom	7.3
Canada	6.8
Germany	6.3
China	6.0
Australia	6.0
Cash and Cash Equivalents	1.2
Other Assets less Liabilities	-
	100.0

(*) All information is as at December 31, 2023. 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 or by sending an email to us at info@sunlifeglobalinvestments.com.

Sun Life Acadian International Equity Fund

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.

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SLGI Asset Management Inc. is the investment manager of the Sun Life Mutual Funds, Sun Life Granite Managed Solutions and Sun Life Private Investment Pools.



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