
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life BlackRock Canadian Composite Equity Fund



Sun Life BlackRock Canadian Composite 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 Sun Life Global Investments (Canada) Inc., 1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com.

Unitholders 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The fundamental investment objectives of the Sun Life BlackRock Canadian Composite Equity Fund (the "Fund") are to seek long-term capital appreciation by replicating, to the extent possible, the performance, net of fees, of a broad and recognized Canadian equity market index (the "Index"). The Fund invests directly in equity securities included in the Index and/or may achieve exposure to some or all of the Index by investing in exchange-traded funds, mutual funds or derivatives that are correlated to the performance of the Index.

The Fund's Sub-Advisor is BlackRock Asset Management Canada Limited (the "Sub-Advisor"). The Sub-Advisor invests directly in the securities included in the Index and/or may achieve exposure to some or all of the Index by investing in exchange-traded funds, mutual funds or derivatives that are correlated to the performance of the Index. The Fund rebalances on a quarterly basis based on changes to the underlying Index, or more frequently if warranted by market conditions.

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.

Results of Operations

During the period, the net asset value of the Fund increased from \$1.4 billion to \$1.9 billion due to positive net sales, as well as positive performance.

During the period, the Fund returned 22.7% for Series I units, this result lagged the Fund's benchmark, which returned 22.9%. The broad-based index returned 22.9%. Please refer to the 'Past Performance' section of this report for performance of each series and a definition of the benchmark and broad-based index if applicable.

During the reporting period, the benchmark returned 22.9%. The Financials and Energy sectors were the largest positive contributors to the performance during the period. Healthcare was the largest detractor and the only sector that had negative returns during the reporting period.

Recent Developments

Canadian equities rose during the period outperforming most of its developed market counterparts except for the U.S., delivering over 22% in 2019. Energy was the best performing sector towards the end of the period as oil prices rose with support from deeper production cuts from OPEC, and Alberta took steps to ease previously imposed production limits, amid new pipeline capacity. Meanwhile, the Canadian dollar appreciated versus the U.S. dollar as Canada continues to have higher interest rates, firming of commodity prices and improving overall global risk sentiment. During the period, the economy itself remained stable. The Canadian labour market was strong with solid wage growth. In addition, the housing market continued to show signs of improvement.

U.S. equities ended the year strong as most U.S. large cap indices reached new record highs. Improved U.S.-China talks and good economic data were the primary positive contributors to performance throughout the year. The potential for a "phase one trade deal" helped spark the rally in U.S. equities towards the end of the period, while better than expected economic data and easier financial conditions were responsible for gains earlier in the year.

The Manager cautions that the current global uncertainty with respect to the spread of the coronavirus (COVID-19) and its effect on the broader global economy may have a significant impact to the volatility of the financial market. While the precise impact remains unknown, rapid spread of the virus may have a material adverse effect on global economic activity and disrupt global supply chains, operations, mobility of people, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to fund performance.

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the "Manager") 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 BlackRock Canadian Composite Equity Fund

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

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. The Manager has retained BlackRock Asset Management Canada Limited to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc.

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 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 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 Fund's Independent Review Committee ("IRC"); taxes payable by the Fund; 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 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.

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 periods since inception to December 31, 2019.

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

Sun Life BlackRock Canadian Composite Equity Fund - Series I

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.97	11.22	11.02	9.35	10.47
Increase (decrease) from operations:					
Total revenue	0.35	0.33	0.31	0.30	0.30
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	0.06	0.01	0.34	(0.02)	(0.07)
Unrealized gains (losses) for the period	1.83	(1.51)	0.32	1.69	(1.15)
Total increase (decrease) from operations⁽²⁾	2.24	(1.17)	0.97	1.97	(0.92)
Distributions:					
From income (excluding dividends)	(0.03)	(0.03)	(0.02)	(0.03)	-
From dividends	(0.33)	(0.23)	(0.29)	(0.26)	(0.26)
From capital gains	(0.09)	-	(0.48)	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.45)	(0.26)	(0.79)	(0.29)	(0.26)
Net asset value, end of period	11.78	9.97	11.22	11.02	9.35

⁽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 units of the Fund, or both.

Ratios and Supplemental Data

Sun Life BlackRock Canadian Composite Equity Fund - Series I

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	1,890,284,881	1,400,001,489	1,016,182,450	836,698,772	586,909,772
Number of units outstanding ⁽¹⁾	160,430,509	140,428,464	90,538,946	75,924,893	62,791,704
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorption (%) ⁽²⁾	-	-	-	-	-
Trading expense ratio (%) ⁽³⁾	0.01	0.02	0.02	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	18.09	6.09	30.33	6.37	5.20
Net asset value per unit (\$) ⁽¹⁾	11.78	9.97	11.22	11.02	9.35

⁽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.

Sun Life BlackRock Canadian Composite Equity 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.

There is no management fee charged to the Fund.

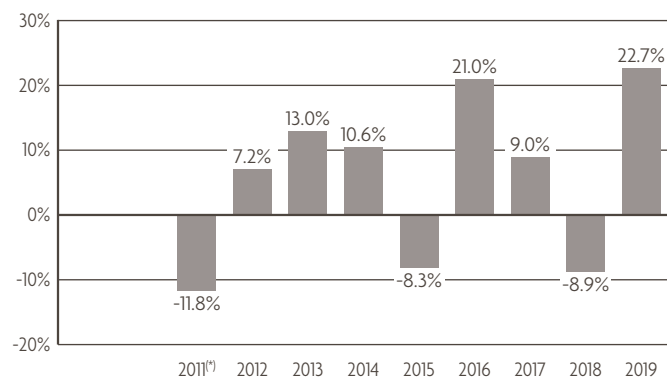
Past Performance

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 unitholder 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 Units – Annual return for the period ended December 31, 2019



⁽¹⁾ for the period of April 15, 2011 to December 31, 2011.

Annual Compound Returns

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

The benchmark (the "Benchmark") is composed of:
S&P/TSX Capped Composite Index

The Series I units underperformed the benchmark over the past five years, over the past three years, and over the past year, The Series I units performed in-line with the benchmark since inception.

The following are the broad-based index or indices:

Broad-based index - S&P/TSX Composite Index

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾
Series I	22.7%	6.8%	6.2%	N/A	5.5%
Benchmark	22.9%	6.9%	6.3%	N/A	5.5%
Broad-based index	22.9%	6.9%	6.3%	6.9%	5.5%

⁽¹⁾ The performance start date for Series I units was April 15, 2011.

INDEX DESCRIPTION(S)

The S&P/TSX Capped Composite Index imposes capped weights of 10% on all of the constituents included in the S&P/TSX Composite. The S&P/TSX Composite covers approximately 95% of the Canadian equities market, and has been the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies since 1977.

The S&P/TSX Composite Index is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

Sun Life BlackRock Canadian Composite Equity Fund

Summary of Investment Portfolio*

as at December 31, 2019

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Royal Bank of Canada	6.1
2 The Toronto-Dominion Bank	5.5
3 Enbridge Inc.	4.3
4 The Bank of Nova Scotia	3.7
5 Canadian National Railway Co.	3.5
6 Brookfield Asset Management Inc.	2.9
7 Suncor Energy Inc.	2.7
8 TC Energy Corp.	2.7
9 Bank of Montreal	2.7
10 BCE Inc.	2.2
11 Shopify Inc.	2.2
12 Manulife Financial Corp.	2.1
13 Canadian Natural Resources Ltd.	2.1
14 Canadian Imperial Bank of Commerce	2.0
15 Canadian Pacific Railway Ltd.	1.9
16 Barrick Gold Corp.	1.8
17 Alimentation Couche-Tard Inc.	1.5
18 Nutrien Ltd.	1.5
19 Sun Life Financial Inc.	1.4
20 Waste Connections Inc.	1.3
21 TELUS Corp.	1.3
22 CGI Group Inc.	1.1
23 Franco-Nevada Corp.	1.0
24 Pembina Pipeline Corp.	1.0
25 Fortis Inc.	1.0
	59.5
Total Net Asset Value ('000's)	\$ 1,890,285

Sector Allocation

	Percentage of Net Asset Value of the Fund %
Financials	31.9
Energy	16.9
Materials	11.3
Industrials	10.9
Information Technology	5.6
Communication Services	5.4
Utilities	4.7
Consumer Discretionary	4.1
Consumer Staples	3.8
Real Estate	3.5
Health Care	1.3
Cash and Cash Equivalents**	0.6
	100.0

(*) All information is as at December 31, 2019. 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.

(**) Cash and Cash Equivalents, for the purpose of this chart, includes other assets less liabilities.

Forward-Looking Statements

This management report of fund performance may contain forward-looking statements about the Fund, including its strategy, 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. 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.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Sun Life BlackRock Canadian Composite Equity Fund

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at www.sunlifeglobalinvestments.com or www.sedar.com.

Sun Life Global Investments (Canada) Inc.
1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



I L L U M I N A T I N G