
SLGI ASSET MANAGEMENT INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended December 31, 2021

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 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.sedar.com.

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 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.

Results of Operations

During the period, the net asset value of the Fund increased from \$1.5 billion to \$2.1 billion due to positive performance, as well as positive net sales.

During the period, the Fund returned 25.1% for Series I securities, this result equalled the Fund's benchmark, S&P/TSX Capped Composite Index, which returned 25.1%. Please refer to the 'Past Performance' section of this report for performance of each series.

In general, global market sentiment was positive early in the reporting period driven by optimism on coronavirus ("COVID-19") vaccination progress. The continued high level of financial aid from global governments helped with the momentum. However, the financial market turned volatile in the second half of the year. Investors worried about slowing global growth due to rising cases of new COVID-19 variants. The potential higher-than-expected inflation was another major concern. The U.S. Federal Reserve also began to phase out its bond-purchasing program, which weighed on the stock market.

The Canadian equity market was positive due to the reopening of the economy. The fast vaccine rollout and government support boosted the equity markets.

In the Fund, the passive exposure to Canadian equities did as expected and tracked the performance of the index.

Recent Developments

Global equity markets went up after the arrival of COVID-19 vaccines in 2021. Billions of dollars of stimulus spending by governments worldwide also helped fuel the stock markets. Central banks around the world lowered or kept their benchmark interest rates low to aid the economic recovery. However, reasons for caution have not gone away. The market turned volatile during the second half of the year. Investors shifted their attention to challenges facing COVID-19. The concerns included the Delta and Omicron variants of COVID-19. The rising cases weighed on the stock markets. The Manager cautioned a slowdown in global growth pending the COVID-19 variant infection rates. Supply chain disruption, rising inflation and the expected tapering of bond purchases in 2022 were also top concerns.

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On 24 February 2022, Russia launched a large-scale military invasion of Ukraine. Russian markets were subsequently suspended. Various international sanctions have been levied against Russia. The broader impact to the region and around the world is still unfolding. The Manager cautions that the current global uncertainty with respect to this military invasion and its effect on the broader global economy may have a significant impact to the volatility of financial markets. While the precise impacts remain unknown, continued military conflict may have a material adverse effect on global economic activity. This could disrupt global supply chains, operations, and mobility of people. This also 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

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 BlackRock Asset Management Canada Limited to act as a sub-advisor for the Fund.

This 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 this fund.

The Fund relied on standing instructions from the Independent Review Committee ("IRC") in respect of trades in securities of Sun Life Financial Inc.

The relevant standing instructions require that securities transactions with related parties conducted by the Manager (i) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (ii) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (iii) comply with the applicable policies and procedures of the Manager; and (iv) achieve a fair and reasonable result for the Fund.

Fees and expenses payable to or in connection with the Sun Life Funds' IRC are allocated to the 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 Statements of Comprehensive Income (Loss).

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 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 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 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 BlackRock Canadian Composite Equity Fund

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, 2021.

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

Sun Life BlackRock Canadian Composite Equity Fund - Series I

	2021	2020	2019	2018	2017
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.75	11.78	9.97	11.22	11.02
Increase (decrease) from operations:					
Total revenue	0.37	0.36	0.35	0.33	0.31
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	0.27	(0.40)	0.06	0.01	0.34
Unrealized gains (losses) for the period	2.28	(0.36)	1.83	(1.51)	0.32
Total increase (decrease) from operations ⁽²⁾	2.92	(0.40)	2.24	(1.17)	0.97
Distributions:					
From income (excluding dividends)	(0.01)	(0.01)	(0.03)	(0.03)	(0.02)
From dividends	(0.33)	(0.38)	(0.33)	(0.23)	(0.29)
From capital gains	(0.25)	(0.26)	(0.09)	-	(0.48)
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.59)	(0.65)	(0.45)	(0.26)	(0.79)
Net asset value, end of period	14.12	11.75	11.78	9.97	11.22

⁽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.

Ratios and Supplemental Data

Sun Life BlackRock Canadian Composite Equity Fund - Series I

	2021	2020	2019	2018	2017
Total net asset value (\$000s) ⁽¹⁾	2,125,573	1,470,314	1,890,285	1,400,001	1,016,182
Number of securities outstanding (000s) ⁽¹⁾	150,585	125,087	160,431	140,428	90,539
Management expense ratio (%)	-	-	-	-	-
Management expense ratio before waivers or absorption (%) ⁽²⁾	-	-	-	-	-
Trading expense ratio (%) ⁽³⁾	0.01	0.02	0.01	0.02	0.02
Portfolio turnover rate (%) ⁽⁴⁾	10.68	31.04	18.09	6.09	30.33
Net asset value per security (\$) ⁽¹⁾	14.12	11.75	11.78	9.97	11.22

⁽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

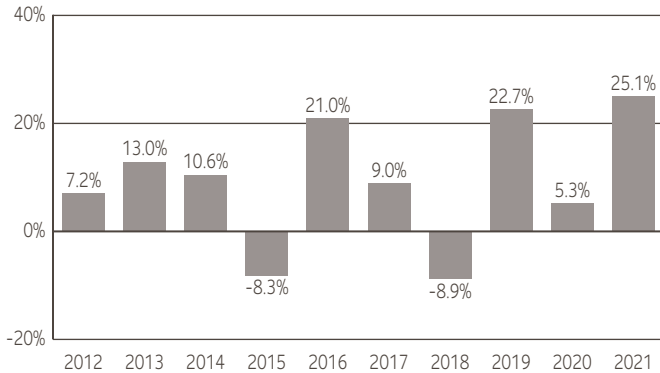
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any securityholder 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.

Sun Life BlackRock Canadian Composite Equity Fund

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, 2021



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:
S&P/TSX Capped Composite Index

The Series I securities equalled the benchmark over the past year and over the past ten years, but underperformed over the past five years and over the past three years.

The following are the broad-based index or indices:
Broad-based index - S&P/TSX Capped Composite Index

The previous broad-based index or indices is composed of:
S&P/TSX Composite Index

The broad-based benchmark index or indices has been reassigned in order to better reflect the intended investment mandate of the corresponding strategy, in accordance with the Manager's benchmark-setting methodology.

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	25.1%	17.3%	9.9%	9.1%	7.2%
Benchmark	25.1%	17.5%	10.0%	9.1%	7.2%

⁽¹⁾ The performance start date for Series I securities 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 Index. The S&P/TSX Composite Index covers approximately 95% of the Canadian equities market, and has been the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies since 1977.

Summary of Investment Portfolio *

as at December 31, 2021

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Shopify Inc.	6.4
2 Royal Bank of Canada	6.2
3 The Toronto-Dominion Bank	5.7
4 Brookfield Asset Management Inc., Class A	3.6
5 The Bank of Nova Scotia	3.5
6 Enbridge Inc.	3.2
7 Canadian National Railway Co.	3.0
8 Bank of Montreal	2.8
9 Canadian Pacific Railway Ltd.	2.7
10 Canadian Imperial Bank of Commerce	2.1
11 Canadian Natural Resources Ltd.	2.0
12 BCE Inc.	1.9
13 TC Energy Corp.	1.9
14 Nutrien Ltd.	1.7
15 Manulife Financial Corp.	1.5
16 Constellation Software Inc.	1.5
17 Suncor Energy Inc.	1.5
18 Waste Connections Inc.	1.4
19 Alimentation Couche-Tard Inc.	1.4
20 Barrick Gold Corp.	1.4
21 Sun Life Financial Inc.	1.3
22 TELUS Corp.	1.3
23 Franco-Nevada Corp.	1.1
24 National Bank of Canada	1.0
25 Intact Financial Corp.	0.9
61.0	
Total Net Asset Value (000s)	\$ 2,125,573

Sun Life BlackRock Canadian Composite Equity Fund

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	32.1
Energy	13.1
Industrials	11.9
Materials	11.4
Information Technology	10.6
Communication Services	4.7
Utilities	4.5
Consumer Discretionary	3.7
Consumer Staples	3.7
Real Estate	3.1
Health Care	0.8
Other Assets less Liabilities	0.2
Cash and Cash Equivalents	0.2
	100.0

(*) All information is as at December 31, 2021. 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.

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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