
SLGI ASSET MANAGEMENT INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended December 31, 2024

Sun Life BlackRock Canadian Universe Bond Fund



Sun Life BlackRock Canadian Universe Bond 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 investment objectives of the Sun Life BlackRock Canadian Universe Bond Fund (the "Fund") are to provide income by replicating, to the extent possible, the performance, net of fees, of a broad and recognized Canadian bond market index (the "Index"). The fund invests directly in fixed income securities included in the Index and/or may achieve indirect 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 the Fund directly in fixed income securities included in the Index and/or may achieve indirect 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. A passive investment strategy is followed and the bonds selected for inclusion in the portfolio will have aggregate investment characteristics such as sector, credit quality, yield and term to maturity similar to those of the bonds comprising the Index.

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.

As at December 31, 2024, 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 decreased from \$1.7 billion to \$1.0 billion due to negative net sales, partially offset by positive performance.

During the period, the Fund returned 4.3% for Series I securities, this result surpassed the Fund's benchmark, FTSE Canada Universe Bond Index, which returned 4.2%. Please refer to the 'Past Performance' section of this report for performance of each series of securities of the Fund.

The FTSE Canada Universe Bond Index returned 4.23% in 2024, following a return of 6.69% in 2023. Total return was driven by lower yields in the front-end of the curve, and largely unchanged yields in the belly of the curve (5-10 year), which compensated for marginally higher yields in the long end of the curve. In addition, corporate credit spreads compressed meaningfully during the year, which led to strong performance for corporates and outperformance versus government bonds. Moderating inflation pressures combined with subdued growth resulted in a major regime shift in monetary policy during 2024, with the Bank of Canada initiating a rate cutting cycle in early June. By year end, the BoC had cut rates five successive times, by a total of 1.75%, bringing the overnight rate down to 3.25% by year end. With rates now at the upper end of neutral, markets now expect the BoC to transition back to a more gradual pace of easing, with just two-to-three more cuts priced in for 2025. The juxtaposition of accelerated rate cuts by the BoC versus US resiliency and proposed tariffs from President-elect Trump led to a twisting of the Canadian yield curve. Sub 6-year yields declined in response to rate cuts, however the rest of the yield curve moved higher as many proposed policies from the incoming Trump administration were viewed as inflationary. With these moves, the yield curve continued to steepen, with the 2-year to 30-year part of the curve un-inverting for the first time since the beginning of rate hikes in 2022. Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, decreased by 35 basis points, leading to the outperformance of corporate bonds. Spreads finished the year at 98 bps and reached the lowest level since 2018. Spreads are now well below long-term average levels, but flows remain robust and appetite for credit remains strong, underpinned by attractive yields and robust fundamentals, supporting a stable carry environment.

The Fund tracks the performance and risk profile of the benchmark and performed as expected.

Sun Life BlackRock Canadian Universe Bond Fund

Recent Developments

Global tensions and conflicts within some geographic regions 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 BlackRock Asset Management Canada Limited 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 Statements 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 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.

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. 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).

Sun Life BlackRock Canadian Universe Bond 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 period(s) since inception to December 31, 2024.

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

Sun Life BlackRock Canadian Universe Bond Fund - Series I

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Net asset value, beginning of period	9.35	9.04	10.53	11.10	10.71
Increase (decrease) from operations:					
Total revenue	0.32	0.29	0.27	0.28	0.30
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	(0.28)	(0.24)	(0.10)	(0.01)	0.20
Unrealized gains (losses) for the period	0.27	0.47	(1.06)	(0.49)	0.31
Total increase (decrease) from operations⁽²⁾	0.31	0.52	(0.89)	(0.22)	0.81
Distributions:					
From income (excluding dividends)	(0.32)	(0.29)	(0.27)	(0.28)	(0.31)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.11)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.32)	(0.29)	(0.27)	(0.28)	(0.42)
Net asset value, end of period	9.41	9.35	9.04	10.53	11.10

⁽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 Universe Bond Fund - Series I

	2024	2023	2022	2021	2020
Total net asset value (\$000s) ⁽¹⁾	1,020,779	1,651,609	1,674,757	1,228,269	1,071,644
Number of securities outstanding (000s) ⁽¹⁾	108,440	176,663	185,166	116,597	96,588
Management expense ratio (%)	-	-	-	-	-
Management expense ratio before waivers or absorption (%) ⁽²⁾	-	-	-	-	-
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	30.18	37.39	23.54	18.30	42.40
Net asset value per security (\$) ⁽¹⁾	9.41	9.35	9.04	10.53	11.10

⁽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

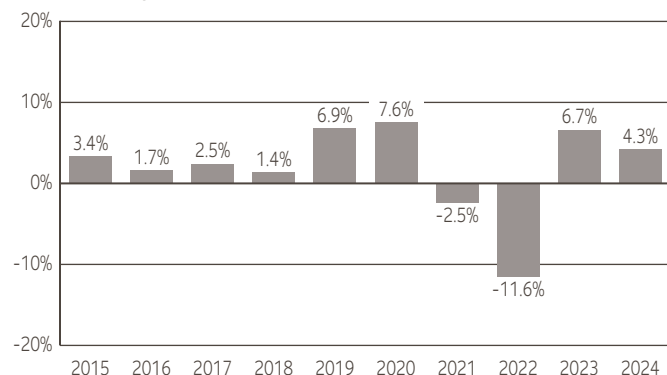
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any securityholder 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 Universe Bond 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, 2024



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:
FTSE Canada Universe Bond Index

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

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 ^(*)
Series I	4.3%	(0.6)%	0.6%	1.9%	-
Benchmark	4.2%	(0.6)%	0.8%	2.0%	-

^(*) The performance since inceptions are not provided for series that have been in existence for more than 10 years.

INDEX DESCRIPTION(S)

The FTSE Canada Universe Bond Index is a market capitalization weighted index composed of investment grade, fixed coupon, government and corporate bonds, issued in Canada and denominated in Canadian dollars, with a remaining term to maturity of at least one year.

Summary of Investment Portfolio^{*}

as at December 31, 2024

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Canadian Government Bond, 3.00%, Jun 01, 2034	1.4
2 Canadian Government Bond, 4.00%, Mar 01, 2029	1.3
3 Canadian Government Bond, 1.50%, Jun 01, 2031	1.2
4 Canadian Government Bond, 3.25%, Dec 01, 2034	1.2
5 Canadian Government Bond, 3.50%, Sep 01, 2029	1.2
6 Canadian Government Bond, 4.00%, May 01, 2026	1.1
7 Canadian Government Bond, 2.00%, Dec 01, 2051	1.1
8 Canadian Government Bond, 2.75%, Dec 01, 2055	1.1
9 Canadian Government Bond, 1.25%, Jun 01, 2030	1.1
10 Canadian Government Bond, 4.50%, Feb 01, 2026	1.0
11 Canadian Government Bond, 3.25%, Nov 01, 2026	1.0
12 Canadian Government Bond, 1.50%, Dec 01, 2031	1.0
13 Canadian Government Bond, 2.00%, Jun 01, 2032	1.0
14 Canadian Government Bond, 4.00%, Aug 01, 2026	0.9
15 Canadian Government Bond, 2.50%, Dec 01, 2032	0.9
16 Canadian Government Bond, 0.50%, Dec 01, 2030	0.9
17 Canadian Government Bond, 3.25%, Dec 01, 2033	0.9
18 Canadian Government Bond, 1.75%, Dec 01, 2053	0.9
19 Canadian Government Bond, 3.25%, Sep 01, 2028	0.9
20 Canadian Government Bond, 2.75%, Jun 01, 2033	0.8
21 Province of Quebec, 4.40%, Dec 01, 2055	0.8
22 Canadian Government Bond, 2.75%, Sep 01, 2027	0.7
23 Canada Housing Trust No 1, 4.25%, Mar 15, 2034	0.7
24 Canadian Government Bond, 3.50%, Mar 01, 2028	0.6
25 Canadian Government Bond, 0.25%, Mar 01, 2026	0.6
24.3	
Total Net Asset Value (000s)	\$ 1,020,779

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Canadian Federal Government Bond	38.9
Canadian Provincial Government Bond	32.8
Canadian Corporate Bond	25.3
Canadian Municipal Government Bond	1.4
Other Assets less Liabilities	1.4
Supranational Bond	0.8
U.S. Corporate Bond	-
Cash and Cash Equivalents	(0.6)
100.0	

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

Sun Life BlackRock Canadian Universe Bond 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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