
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the fifteen-month financial year ended December 31, 2019

Sun Life Excel China Fund



Sun Life Excel China 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 objectives of the Sun Life Excel China Fund (the "Fund") are to seek long-term superior growth of capital by investing in equity securities of companies located in China, Hong Kong, Taiwan and other Far East countries. The fund may also invest in Canadian equity securities which focus on companies doing business in the China region, debt securities of Canadian issuers, derivatives (futures, options and forward contracts) and cash or cash equivalents.

The Fund's Sub-Advisor is China Asset Management Company Limited (the "Sub-Advisor"). The Sub-Advisor invests a majority of the Fund's assets in equity securities of companies in China, Hong Kong and Taiwan, and, from time to time, other parts of Asia. The Fund may invest in other companies outside this region that are engaged in the economic development and opportunities in China.

Risk

The risk-rating for the Fund has changed from "High" to "Medium to High" effective as of July 18, 2019. This change is the result of a review that was conducted as part of Sun Life Global Investments' ongoing fund review process. The investment objectives and strategies of the Fund remain unchanged. The risks associated with investing in the Fund remain as outlined in the Fund's Simplified Prospectus.

Results of Operations

During the fifteen-month period ended December 31, 2019, the net asset value of the Fund decreased from \$25.5 million to \$21.3 million due to net redemptions, partially offset by positive performance.

During the fifteen-month period ended December 31, 2019, the Fund returned annualized returns of 2.4% for Series A units, this result lagged the Fund's benchmark, which returned 8.4%. The performance returns for other series of this Fund are similar to those of Series A except for differences in expense structures. 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 early part of the reporting period, the U.S.-China trade negotiation did not go as expected. Consequently, both the Industrials and Information Technology sectors in China underperformed. The Sub-Advisor sold off its positions in those sectors and realized losses. Subsequently, positive development with the trade negotiation allowed the two sectors to rebound and outperform the rest of the Chinese equity market. This event was a detractor for the Fund's performance. Additionally, the underweight and stock selection within the Real Estate sector detracted from the Fund's performance. During the early part of the reporting period, Chinese regulators enforced strict policies on the Real Estate sector. During the latter part of the reporting period, the real estate market rebounded. Additionally, during the period, the Fund was underweighted Alibaba and Tencent, two of the largest constituents within the benchmark that have outperformed the benchmark, which has negatively affected the return of the Fund.

The underperforming return of the Fund was partially offset an overweight in the Consumer Discretionary sector and the company selection within the sector. Specifically, an overweight in Li-Ning Company Limited and TAL Education Group contributed positively to the Fund's performance. Li-Ning Company Limited is a Chinese company that designs and manufactures athletic shoes and sporting goods. TAL Education Group provides after-school tutoring programs for students in China. The underweight in the Telecommunication sector also positively impacted performance.

Recent Developments

On May 3, 2019, the Manager announced changes to the Fund's financial year-end to align with the Manager's other funds. The purpose of the change is to create operational efficiencies. The Fund's year-end changed from September 30 to December 31. The transition period for the Fund is the fifteen-months from October 1, 2018, to December 31, 2019.

On February 19, 2020, the Manager announced a proposed merger of the Fund into the Sun Life Excel Emerging Markets Fund. The proposal is subject to securityholder and regulatory approvals. The securityholder vote is scheduled to take place on or about May 8, 2020. All costs and expenses associated with the merger will be borne by the Manager. In anticipation of the merger, the Fund is closed to investment in new accounts, effective 4:01 p.m. ET on February 26, 2020. If approved, the merger will take effect on or about June 5, 2020.

Sun Life Excel China Fund

The Fund began to add exposure to the mainland China equity market known as A-share in June 2019 through a mechanism known as the Northbound Stock Connect. The addition increases access to companies that the Fund can potentially invest in.

The Chinese equity market was volatile over the reporting period due to the uncertainties caused by the U.S.-China trade war. However, the Chinese economy maintained a stable growth path, causing the A-share to outperform the H-share (Hong Kong-listed stocks). The H-share market was negatively affected by the social unease within the territory.

The Sub-Advisor continues to believe in selecting the highest quality blue-chip companies with significant exposure to China's new economy. The new economy consists of industries related to consumers, technology and healthcare. At the time of writing this commentary, the Sub-Advisor believes the Fund is positioned to benefit from China's mid-to-long term economic growth.

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.

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 China Asset Management Company 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.

Sun Life Excel China 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, 2019.

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

Sun Life Excel China Fund - Series A

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Net asset value, beginning of period	3.87	3.92	3.22	2.80	2.54
Increase (decrease) from operations:					
Total revenue	0.08	0.06	0.06	0.06	0.06
Total expenses	(0.18)	(0.17)	(0.13)	(0.11)	(0.13)
Realized gains (losses) for the period	0.09	0.91	0.41	0.17	0.45
Unrealized gains (losses) for the period	0.09	(0.81)	0.33	0.28	(0.02)
Total increase (decrease) from operations⁽²⁾	0.08	(0.01)	0.67	0.40	0.36
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net asset value, end of period	3.99	3.87	3.92	3.22	2.80

Sun Life Excel China Fund - Series F

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Net asset value, beginning of period	14.59	14.58	11.85	10.16	9.13
Increase (decrease) from operations:					
Total revenue	0.28	0.22	0.24	0.23	0.25
Total expenses	(0.44)	(0.44)	(0.32)	(0.28)	(0.34)
Realized gains (losses) for the period	0.37	3.88	1.41	0.65	1.68
Unrealized gains (losses) for the period	0.51	(3.25)	1.39	1.36	(0.60)
Total increase (decrease) from operations⁽²⁾	0.72	0.41	2.72	1.96	0.99
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net asset value, end of period	15.25	14.59	14.58	11.85	10.16

Sun Life Excel China Fund - Series I

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Net asset value, beginning of period	35.62	35.03	28.07	23.73	21.05
Increase (decrease) from operations:					
Total revenue	0.75	0.30	0.53	0.45	0.55
Total expenses	(0.03)	(0.54)	(0.31)	(0.31)	(0.46)
Realized gains (losses) for the period	0.96	12.26	3.57	1.54	3.60
Unrealized gains (losses) for the period	0.82	(2.17)	2.94	1.44	(0.90)
Total increase (decrease) from operations⁽²⁾	2.50	9.85	6.73	3.12	2.79
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net asset value, end of period	38.12	35.62	35.03	28.07	23.73

⁽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.

⁽⁴⁾ On May 3, 2019 the Manager changed the financial year-end of the Fund with the aim of aligning the Excel Funds' year-end with Sun Life Global Investments' other funds in order to create operational efficiencies. The Fund's year-end changed from September 30 to December 31. The transition period for the Fund is the fifteen-month period from October 1, 2018 to December 31, 2019.

Ratios and Supplemental Data

Sun Life Excel China Fund - Series A

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Total net asset value (\$)	18,878,936	23,140,010	27,369,236	25,045,397	25,965,404
Number of units outstanding	4,729,745	5,973,244	6,984,704	7,772,179	9,283,758
Management expense ratio (%) ⁽¹⁾	3.05	3.27	3.62	3.76	3.54
Management expense ratio before waivers or absorption (%) ⁽¹⁾	3.05	3.27	3.62	3.76	3.54
Trading expense ratio (%) ⁽²⁾	0.70	0.61	0.49	0.47	0.57
Portfolio turnover rate (%) ⁽³⁾	237.88	174.50	123.64	159.94	118.13
Net asset value per unit (\$)	3.99	3.87	3.92	3.22	2.80

Sun Life Excel China Fund - Series F

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Total net asset value (\$)	2,382,931	2,380,962	3,543,784	1,562,533	1,175,472
Number of units outstanding	156,219	163,160	243,117	131,901	115,719
Management expense ratio (%) ⁽¹⁾	1.90	2.09	2.48	2.62	2.42
Management expense ratio before waivers or absorption (%) ⁽¹⁾	1.90	2.09	2.48	2.62	2.42
Trading expense ratio (%) ⁽²⁾	0.70	0.61	0.49	0.47	0.57
Portfolio turnover rate (%) ⁽³⁾	237.88	174.50	123.64	159.94	118.13
Net asset value per unit (\$)	15.25	14.59	14.58	11.85	10.16

Sun Life Excel China Fund

Sun Life Excel China Fund - Series I

	Dec. 31, 2019 ⁽⁴⁾	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Total net asset value (\$)	9,080	8,486	16,630,865	15,545,197	19,984,148
Number of units outstanding	238	238	474,793	553,805	842,071
Management expense ratio (%) ⁽¹⁾	0.05	0.73	1.02	1.26	1.09
Management expense ratio before waivers or absorption (%) ⁽¹⁾	0.05	0.73	1.02	1.26	1.09
Trading expense ratio (%) ⁽²⁾	0.70	0.61	0.49	0.47	0.57
Portfolio turnover rate (%) ⁽³⁾	237.88	174.50	123.64	159.94	118.13
Net asset value per unit (\$)	38.12	35.62	35.03	28.07	23.73

- ⁽¹⁾ 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.
- ⁽²⁾ 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.
- ⁽³⁾ 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.
- ⁽⁴⁾ On May 3, 2019 the Manager changed the financial year-end of the Fund with the aim of aligning the Excel Funds' year-end with Sun Life Global Investments' other funds in order to create operational efficiencies. The Fund's year-end changed from September 30 to December 31. The transition period for the Fund is the fifteen-month period from October 1, 2018 to December 31, 2019.

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:

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate (%)	Dealer Compensation (%) ⁽¹⁾	General Administration, Investment Advice and Profit (%)
Series A Units	2.50	35	65
Series F Units	1.50	—	100
Series I Units ⁽²⁾	—	—	—

⁽¹⁾ Includes sales and trailing commissions.

⁽²⁾ Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the manager.

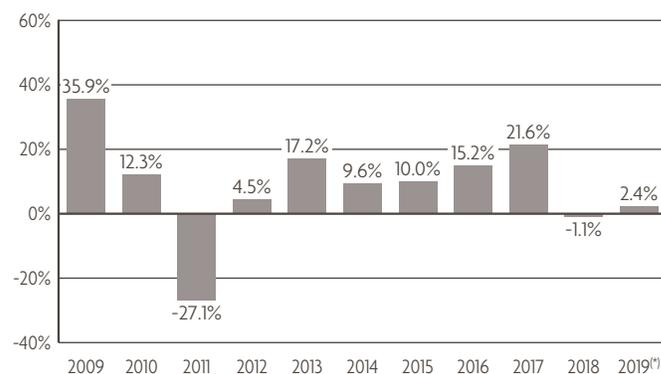
Past Performance

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 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

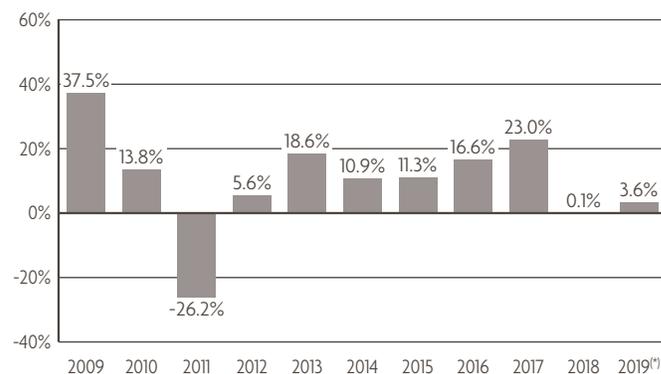
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year. On May 3, 2019 the Manager changed the financial year-end of the Fund with the aim of aligning the Excel Funds' year-end with Sun Life Global Investments' other funds in order to create operational efficiencies. The Fund's year-end changed from September 30 to December 31. The transition period for the Fund is the fifteen-month period from October 1, 2018 to December 31, 2019.

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



⁽¹⁾ annualized for the period of October 1, 2018 to December 31, 2019. Prior period performance is for the twelve-month period ended September 30 unless otherwise noted.

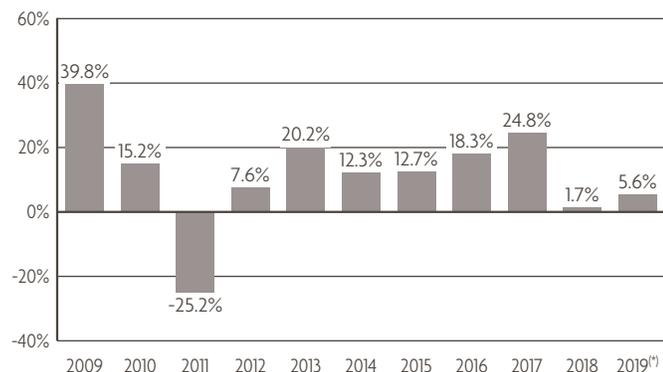
Series F Units – Annual return for the period ended December 31, 2019



⁽¹⁾ annualized for the period of October 1, 2018 to December 31, 2019. Prior period performance is for the twelve-month period ended September 30 unless otherwise noted.

Sun Life Excel China Fund

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



⁽¹⁾ annualized for the period of October 1, 2018 to December 31, 2019. Prior period performance is for the twelve-month period ended September 30 unless otherwise noted.

Annual Compound Returns

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

The benchmark (the “Benchmark”) is composed of:
MSCI China Index C\$

The Series A units underperformed the benchmark over the past ten years, over the past five years, over the past three years, and over the past year.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾
Series A	8.9%	8.8%	7.7%	4.4%	-0.8%
Benchmark	17.2%	14.3%	9.9%	7.6%	7.1%
Series F	10.2%	10.1%	9.0%	5.6%	8.3%
Benchmark	17.2%	14.3%	9.9%	7.6%	11.4%
Series I	12.2%	12.0%	10.7%	7.2%	9.8%
Benchmark	17.2%	14.3%	9.9%	7.6%	11.4%

⁽¹⁾ The performance start date for Series A units was January 28, 2000.

⁽²⁾ The performance start date for Series F units was February 25, 2005.

⁽³⁾ The performance start date for Series I units was December 23, 2004.

INDEX DESCRIPTION(S)

The MSCI China Index captures large and mid-cap representation across China H-shares, B-shares, Red-chips, P-chips and foreign listings (e.g. ADRs). The index covers about 85% of the Chinese equity universe.

Summary of Investment Portfolio*

as at December 31, 2019

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Alibaba Group Holding Ltd.	13.3
2 Tencent Holdings Ltd.	12.5
3 Cash	5.1
4 China Construction Bank Corporation	4.5
5 Industrial and Commercial Bank of China Ltd.	4.4
6 TAL Education Group	3.3
7 New Oriental Education & Technology Group Inc.	3.3
8 Meituan Dianping	3.2
9 Kweichow Moutai Co., Ltd.	3.2
10 Shenzhou International Group Holdings Ltd.	2.6
11 ZTO Express Cayman Inc.	2.3
12 Agricultural Bank of China Ltd.	2.1
13 China Pacific Insurance Group Co., Ltd.	2.0
14 Bank of China Ltd.	2.0
15 Zhejiang Huahai Pharmaceutical Co., Ltd.	1.9
16 Anta Sports Products Ltd.	1.9
17 Baidu Inc.	1.8
18 China Mobile Ltd.	1.8
19 Ping An Insurance Group Co. of China Ltd.	1.8
20 Anhui Conch Cement Co., Ltd.	1.7
21 CNOOC Ltd.	1.5
22 Geely Automobile Holdings Ltd.	1.4
23 China Merchants Bank Co., Ltd.	1.3
24 China Overseas Land & Investment Ltd.	1.2
25 China Vanke Co., Ltd.	1.1

81.2

Total Net Asset Value ('000's) \$ 21,271

Sector Allocation

	Percentage of Net Asset Value of the Fund %
Consumer Discretionary	33.1
Financials	19.1
Communication Services	18.2
Industrials	5.9
Consumer Staples	5.3
Cash and Cash Equivalents**	3.6
Energy	3.5
Real Estate	3.4
Health Care	3.0
Materials	2.8
Information Technology	2.1
	100.0

Asset Allocation

	Percentage of Net Asset Value of the Fund %
International Equities	96.4
Cash and Cash Equivalents**	3.6
	100.0

Sun Life Excel China Fund

Geographic Allocation

	Percentage of Net Asset Value of the Fund %
Cayman Islands	54.4
China	34.3
Hong Kong	7.7
Cash and Cash Equivalents**	3.6
	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 Excel China 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