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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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

Sun Life Excel Emerging Markets Balanced Fund



# Sun Life Excel Emerging Markets Balanced 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](mailto: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](http://www.sunlifeglobalinvestments.com) and on SEDAR at [www.sedar.com](http://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 Emerging Markets Balanced Fund (the "Fund") are to provide current income and long term capital appreciation by investing primarily in a diversified mix of equity and income mutual funds which are predominantly emerging markets in nature.

In pursuing its investment objective, the portfolio manager may invest up to 100% of the Fund's assets in securities of other mutual funds. For equity exposure, the Fund invests primarily in one or more mutual funds which provide exposure to global companies that are well established, are financially sound and can provide reliable growth - these global companies derive the bulk of their revenue from emerging markets.

For fixed income exposure, the Fund invests in one or more mutual funds which provide exposure primarily to debt securities issued by governmental issuers located in emerging markets and which are primarily investment-grade securities (BBB or above) although a portion of such funds may be in securities of any grade.

### 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 fifteen-month period ended December 31, 2019, the net asset value of the Fund decreased from \$23.4 million to \$13.2 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 7.9% for Series A units, this result lagged the Fund's benchmark, which returned 10.5%. The broad-based index 1 returned 21.2% and the broad-based index 2 returned 6.7%. 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.

The Fund's underperformance relative to its benchmark can be primarily attributed to the underperformance of one of its underlying funds, the Sun Life Excel High Income Fund, relative to its respective benchmark. Some of this underperformance was offset by the outperformance of the Sun Life Excel Emerging Markets Fund relative to its respective benchmark.

The underperformance of the Sun Life Excel High Income Fund can be attributed to duration management (Duration is the sensitivity of a bond's price to change in interest rates). Most of the Fund's losses came during the last quarter of the reporting period, where the Fund's overweight on duration detracted as U.S. Treasuries and German Bunds yields rebounded, especially during October and December 2019. Losses during the reporting period came both from the Fund's allocation in Hard Currency ("HC") (Hard currency bonds are bonds issued by countries that are denominated in U.S. dollar or Euro) and Local Currency ("LC") bonds (Local currency bonds are bonds issued by countries in their own domestic currency) during the period, and primarily from the Fund's HC geographical positioning during the rest of the reporting period.

The outperformance of the Sun Life Excel Emerging Markets Fund can be attributed to an overweight allocation to Russia and Brazil. Both countries have outperformed the broader emerging markets index. The lack of allocation to Saudi Arabia and Malaysia and underweight allocation to India contributed positively as they underperformed the broader emerging markets index. Russia was the best-performing market in the index, supported by a rally in crude oil prices. Although economic growth disappointed, later in the period inflation eased and the central bank began to ease monetary policy. Brazil outperformed as congress passed the long-awaited pension reform bill. Saudi Arabia was added to the index during the year, but the market fell back following inclusion. Malaysia underperformed as economic growth remained relatively subdued and political uncertainty returned. India recorded a

# Sun Life Excel Emerging Markets Balanced Fund

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positive return but underperformed its peers. Prime Minister Modi's Bharatiya Janata Party was re-elected, which was supportive of the investment outlook. However, economic growth continued to slow, the fiscal outlook deteriorated and domestic policy concerns emerged.

## Recent Developments

On May 3, 2019 the Manager announced changes to the Fund's financial year-end in order 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-month period 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 MFS Global Total Return 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.

Global equities recorded a robust return in 2019, led by the U.S.. The U.S.-China trade dispute escalated, and concerns over global growth continued to build. However, towards the end of the reporting period, the U.S. and China agreed to a phase one deal, to be signed on 15 January 2020. Meanwhile, major central banks responded to the weaker outlook with more accommodative monetary policy. The U.S. Federal Reserve ended policy normalization and cut interest rates. The European Central Bank lowered its deposit rate further into negative territory and restarted quantitative easing. Against this backdrop, a number of emerging market central banks eased monetary policy. Emerging Market equities registered a positive return. The MSCI Emerging Markets Index increased in value but underperformed the MSCI World.

Russia was the best-performing index market, supported by a rally in crude oil prices. Although economic growth disappointed, later in the period inflation eased and the central bank began to ease monetary policy. Colombia also benefited from higher crude prices and outperformed the index. Egypt and Greece registered strong returns as both economies continued to recover. Brazil also finished ahead of the index as the senate passed the long-awaited pension reform bill.

China posted a strong gain and outperformed its emerging market peers. Economic growth continued to slow, reaching 6% year-on-year in Q3 2019. In response to slowing activity, the authorities deployed stimulus measures. The U.S. implemented further tariffs, with \$550 billion of Chinese imports now subject

to tariffs. The U.S. also added Chinese telecommunications group Huawei to a trade blacklist, citing security concerns. In retaliation, China extended tariffs on US goods to cover \$185 billion of imports. During the period, MSCI quadrupled the weight of China A-share's weight in its emerging market indexes.

By contrast, Argentina, which returned to the MSCI Emerging Markets Index in May 2019, fell sharply as surprise primary election results indicated that the opposition Peronist Party would win October elections. This outcome subsequently materialized, with a significant policy shift now expected. Chilean equities lost value as civil unrest towards the end of the period, amid wider concerns over inequality, increased uncertainty over the policy outlook. Poland and Saudi Arabia also finished behind the index. In Poland this was primarily due to weakness from banks. Saudi Arabia was added to the index during the reporting period, but the market fell back following the inclusion. India recorded a positive return but underperformed the broad emerging markets index. Prime Minister Modi's Bharatiya Janata Party was re-elected, which was supportive of the investment outlook. However, economic growth continued to slow, the fiscal outlook deteriorated and domestic policy concerns emerged during the reporting period.

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

# Sun Life Excel Emerging Markets Balanced Fund

## 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 (\$)<sup>(1)</sup>

#### Sun Life Excel Emerging Markets Balanced Fund - Series A

	Dec. 31, 2019 <sup>(4)</sup> (\$)	Sep. 30, 2018 (\$)	Sep. 30, 2017 (\$)	Sep. 30, 2016 (\$)	Sep. 30, 2015 (\$)
Net asset value, beginning of period	5.09	5.41	5.46	5.21	5.21
<b>Increase (decrease) from operations:</b>					
Total revenue	0.25	0.16	0.20	0.09	0.17
Total expenses	(0.15)	(0.13)	(0.11)	(0.11)	(0.17)
Realized gains (losses) for the period	0.02	0.16	0.05	0.21	0.07
Unrealized gains (losses) for the period	0.36	(0.38)	0.06	0.31	0.16
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.48</b>	<b>(0.19)</b>	<b>0.20</b>	<b>0.50</b>	<b>0.23</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.13)	(0.24)	-	(0.02)	-
From dividends	-	-	-	-	-
From capital gains	(0.08)	-	(0.05)	(0.04)	-
Return of capital	(0.13)	-	(0.19)	(0.18)	(0.24)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.34)</b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.24)</b>
<b>Net asset value, end of period</b>	<b>5.23</b>	<b>5.09</b>	<b>5.41</b>	<b>5.46</b>	<b>5.21</b>

#### Sun Life Excel Emerging Markets Balanced Fund - Series F

	Dec. 31, 2019 <sup>(4)</sup> (\$)	Sep. 30, 2018 (\$)	Sep. 30, 2017 (\$)	Sep. 30, 2016 (\$)	Sep. 30, 2015 (\$)
Net asset value, beginning of period	5.40	5.66	5.64	5.32	5.26
<b>Increase (decrease) from operations:</b>					
Total revenue	0.26	0.17	0.28	0.08	0.18
Total expenses	(0.08)	(0.06)	(0.05)	(0.05)	(0.11)
Realized gains (losses) for the period	(0.01)	0.16	0.03	0.21	0.07
Unrealized gains (losses) for the period	0.26	(0.22)	(0.19)	0.27	(0.23)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.43</b>	<b>0.05</b>	<b>0.07</b>	<b>0.51</b>	<b>(0.09)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.22)	(0.24)	-	(0.02)	-
From dividends	-	-	-	-	-
From capital gains	(0.14)	-	(0.05)	(0.04)	-
Return of capital	(0.13)	-	(0.19)	(0.18)	(0.24)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.49)</b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.24)</b>
<b>Net asset value, end of period</b>	<b>5.49</b>	<b>5.40</b>	<b>5.66</b>	<b>5.64</b>	<b>5.32</b>

# Sun Life Excel Emerging Markets Balanced Fund

## Sun Life Excel Emerging Markets Balanced Fund - Series DB

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017
	(\$)	(\$)	(\$)
Net asset value, beginning of period	4.54	4.80	5.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.21	0.14	0.22
Total expenses	(0.08)	(0.04)	(0.06)
Realized gains (losses) for the period	0.01	0.24	0.03
Unrealized gains (losses) for the period	0.33	0.12	0.05
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.47</b>	<b>0.46</b>	<b>0.24</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.16)	(0.24)	-
From dividends	-	-	-
From capital gains	(0.09)	-	(0.05)
Return of capital	(0.13)	-	(0.19)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.38)</b>	<b>(0.24)</b>	<b>(0.24)</b>
<b>Net asset value, end of period</b>	<b>4.64</b>	<b>4.54</b>	<b>4.80</b>

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

<sup>(2)</sup> 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.

<sup>(3)</sup> Distributions were paid in cash, reinvested in additional units of the Fund, or both.

<sup>(4)</sup> 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 Emerging Markets Balanced Fund - Series A

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Total net asset value (\$)	9,550,470	14,700,529	9,479,570	8,632,583	9,407,555
Number of units outstanding	1,825,294	2,889,060	1,753,042	1,581,442	1,806,663
Management expense ratio (%) <sup>(1)</sup>	2.38	2.63	2.97	2.94	3.94
Management expense ratio before waivers or absorption (%) <sup>(1)</sup>	2.38	3.03	4.53	4.56	4.89
Trading expense ratio (%) <sup>(2)</sup>	0.08	0.09	0.06	0.10	0.09
Portfolio turnover rate (%) <sup>(3)</sup>	29.02	38.66	15.08	50.09	13.20
Net asset value per unit (\$)	5.23	5.09	5.41	5.46	5.21

### Sun Life Excel Emerging Markets Balanced Fund - Series F

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2015
Total net asset value (\$)	3,677,860	8,662,525	9,589,871	2,100,920	1,468,519
Number of units outstanding	669,973	1,604,620	1,694,795	372,471	276,214
Management expense ratio (%) <sup>(1)</sup>	1.23	1.33	1.84	1.79	2.91
Management expense ratio before waivers or absorption (%) <sup>(1)</sup>	1.23	1.87	3.40	3.43	3.86
Trading expense ratio (%) <sup>(2)</sup>	0.08	0.09	0.06	0.10	0.09
Portfolio turnover rate (%) <sup>(3)</sup>	29.02	38.66	15.08	50.09	13.20
Net asset value per unit (\$)	5.49	5.40	5.66	5.64	5.32

## Sun Life Excel Emerging Markets Balanced Fund - Series DB

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017
Total net asset value (\$)	1,598	5,927	14,723
Number of units outstanding	344	1,304	3,065
Management expense ratio (%) <sup>(1)</sup>	1.52	1.39	2.14
Management expense ratio before waivers or absorption (%) <sup>(1)</sup>	1.52	2.42	3.75
Trading expense ratio (%) <sup>(2)</sup>	0.08	0.09	0.06
Portfolio turnover rate (%) <sup>(3)</sup>	29.02	38.66	15.08
Net asset value per unit (\$)	4.64	4.54	4.80

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 (%) <sup>(1)</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	1.90	39	61
Series DB Units	1.15	19	81
Series F Units	0.90	-	100

<sup>(1)</sup> Includes sales and trailing commissions.

# Sun Life Excel Emerging Markets Balanced Fund

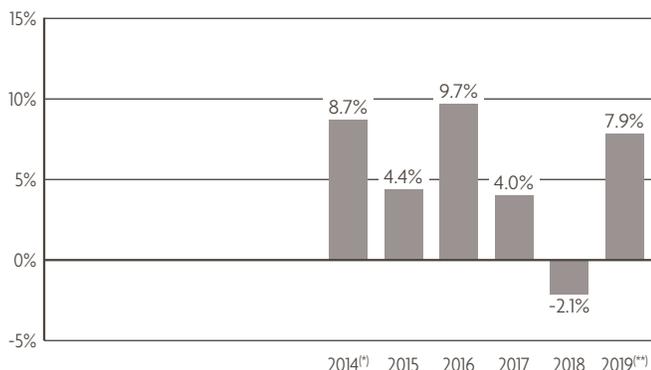
## Past Performance

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. 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.

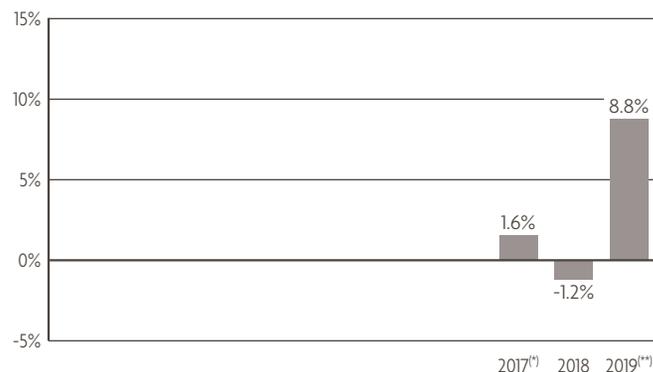
**Series A Units – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of October 4, 2013 to September 30, 2014.

<sup>(\*\*)</sup> 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.

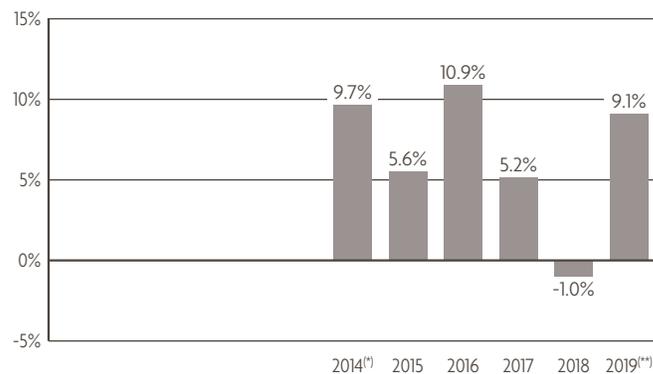
**Series DB Units – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of October 28, 2016 to September 30, 2017.

<sup>(\*\*)</sup> 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**



<sup>(\*)</sup> for the period of October 4, 2013 to September 30, 2014.

<sup>(\*\*)</sup> 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 DB securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the "Benchmark") is composed of:

- 40.0% MSCI Emerging Markets Index C\$
- 30.0% J.P. Morgan Government Bond Index Emerging Markets (GBI-EM) Global Diversified Composite Unhedged C\$ Index
- 30.0% J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified Composite Index C\$

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

The following are the broad-based index or indices:

- Broad-based index 1 - MSCI World Index C\$
- Broad-based index 2 - Bloomberg Barclays Global Aggregate Bond Index C\$

# Sun Life Excel Emerging Markets Balanced Fund

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)</sup>
Series A	9.7%	5.1%	4.9%	N/A	5.5%
Benchmark	10.3%	7.7%	7.5%	N/A	7.5%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	13.0%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	5.7%
Series DB	10.6%	5.9%	N/A	N/A	3.5%
Benchmark	10.3%	7.7%	7.5%	N/A	5.6%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	11.8%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	1.5%
Series F	11.0%	6.3%	6.1%	N/A	6.6%
Benchmark	10.3%	7.7%	7.5%	N/A	7.5%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	13.0%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	5.7%

<sup>(1)</sup> The performance start date for Series A units was October 4, 2013.

<sup>(2)</sup> The performance start date for Series DB units was October 24, 2016.

<sup>(3)</sup> The performance start date for Series F units was October 4, 2013.

## INDEX DESCRIPTION(S)

The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to capture large and mid cap representation across 26 Emerging Markets (EM) countries.

J.P. Morgan Government Bond Index Emerging Markets (GBI-EM) Global Diversified Composite Index is a market capitalization weighted comprehensive global emerging markets index of local government bond debt. The index has a diversification overlay which limits the maximum weight per country to 10%. This index is not hedged to the Canadian dollar.

J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified Index is an Emerging Markets sovereign bond index denominated in USD. The index limits weights of countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding.

The MSCI World Index is a free float adjusted market capitalization index that is designed to measure global developed market equity performance.

The Bloomberg Barclays Global Aggregate Bond Index measures the performance of the global investment-grade fixed-rate debt markets. It is composed of government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

## 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.	3.7
2 Samsung Electronics Co., Ltd.	3.4
3 Taiwan Semiconductor Manufacturing Co., Ltd.	3.2
4 Tencent Holdings Ltd.	2.9
5 Republic of South Africa, 8.00%, Jan 31, 2030	2.2
6 Petroleos Mexicanos, 7.19%, Sep 12, 2024	1.6
7 Nota Do Tesouro Nacional, 10.00%, Jan 01, 2023	1.6
8 Nota Do Tesouro Nacional, 10.00%, Jan 01, 2027	1.5
9 Russian Federation, 7.05%, Jan 19, 2028	1.4
10 Republic of Poland, 2.50%, Jul 25, 2026	1.3
11 Russian Foreign Bond - Eurobon, 4.38%, Mar 21, 2029	1.3
12 Ping An Insurance Group Co. of China Ltd.	1.3
13 Colombian TE, 7.50%, Aug 26, 2026	1.3
14 Mexican Fixed Rate Development Bond, 7.75%, Nov 13, 2042	1.3
15 Pertamina Persero P, 6.00%, May 03, 2042	1.3
16 Government of Malaysia, 3.90%, Nov 30, 2026	1.3
17 Republic of Indonesia, 8.38%, Mar 15, 2024	1.3
18 Government of Thailand, 4.88%, Jun 22, 2029	1.2
19 Sberbank of Russia	1.2
20 Republic of South Africa, 8.88%, Feb 28, 2035	1.1
21 AIA Group Ltd.	0.9
22 Itau Unibanco Holding SA	0.9
23 Republic of Turkey, 8.80%, Sep 27, 2023	0.9
24 Government of Romania, 4.75%, Feb 24, 2025	0.9
25 Republic of Indonesia, 7.00%, May 15, 2027	0.8
<b>39.8</b>	
<b>Total Net Asset Value ('000's)</b>	<b>\$ 13,230</b>

### Sector Allocation†

	Percentage of Net Asset Value of the Fund %
International Government Bond	35.7
Financials	11.7
International Corporate Bond	11.1
Information Technology	10.1
Consumer Discretionary	8.0
Cash and Cash Equivalents**	5.3
Communication Services	5.1
Energy	4.8
Consumer Staples	3.0
Materials	1.7
Industrials	0.8
Canadian Federal Government Bond	0.7
Mutual Funds - Global Equities	0.7
Health Care	0.6
Utilities	0.4
Real Estate	0.3
<b>100.0</b>	

# Sun Life Excel Emerging Markets Balanced Fund

## Asset Allocation<sup>†</sup>

	Percentage of Net Asset Value of the Fund %
International Equities	47.2
International Fixed Income	46.8
Cash and Cash Equivalents <sup>**</sup>	5.3
Canadian Fixed Income	0.7
	<b>100.0</b>

## Geographic Allocation<sup>†</sup>

	Percentage of Net Asset Value of the Fund %
Other	44.9
Brazil	10.2
Bermuda	8.3
Cayman Islands	6.1
Indonesia	6.0
Britain	5.6
Colombia	5.2
Chile	5.0
South Africa	4.4
Mexico	4.3
	<b>100.0</b>

(\*) 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](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

(†) The Fund invests substantially all of its assets directly in the underlying Trust Funds. The summary of investment portfolio for the Fund presents the investments as a percentage of the net asset value of the underlying Trust Funds.

(\*\*) 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 Emerging Markets Balanced 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](http://www.sunlifeglobalinvestments.com) or [www.sedar.com](http://www.sedar.com).

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