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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 New India Leaders Fund



# Sun Life Excel New India Leaders 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 New India Leaders Fund (the "Fund") are to seek long-term growth of capital through investment in an actively managed portfolio comprised primarily of equity securities of companies located in India that are considered to be emerging industry leaders. The Fund will invest in these securities through a "fund-of-fund" arrangement by investing in the New Leaders Class of Excel Funds Mauritius Company Ltd. (the "New Leaders Underlying Fund"). The New Leaders Underlying Fund is a class of shares of the Company, a multi-class collective investment scheme organized under the laws of Mauritius.

In pursuing the Fund's investment objective, the New Leaders underlying Fund will invest primarily in publicly-listed equity securities of companies located in India and may also invest in Canadian equity securities with a focus on companies doing business in India, debt securities of Canadian issuers and/or securities of other mutual funds (including the Funds managed by the Manager). The Fund may invest in equity and debt securities of companies located in India, American or global depository receipts, exchange-traded funds listed on stock exchanges in India or developed markets, Eurobonds, euro convertible bonds or other securities issued by Indian issuers in the international capital markets, debt securities of foreign issuers, and cash and cash equivalents.

### 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 \$19.4 million to \$15.0 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 11.1% for Series A units, this result surpassed the Fund's benchmark, which returned 1.4%. The broad-based index returned 7.9%. 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 currently invests substantially all of its holdings in units of the New Leaders Underlying Fund. The following commentary relates to the New Leaders Underlying Fund.

During the period, stock selection in Consumer Discretionary sector, Industrials and Healthcare sectors was a contributor to performance. In Consumer Discretionary sector, companies like Whirlpool of India, Aditya Birla fashion, Trent Ltd., Jubilant Food works, MRF Ltd. and Apollo Tyres were contributors. In Industrials sector, companies like Voltas Ltd., Polycab India, IRB Infrastructure, Ashok Leyland Ltd., and Timken India Ltd. were contributors to performance. In Healthcare sector, companies like Metropolis Healthcare, Apollo Healthcare and Aster DM Healthcare were contributors to performance. Moreover, the New Leaders Underlying Fund's underweight allocation to Technology sector was a contributor to performance as Technology faced headwinds during the period and underperformed the New Leaders Underlying Fund's benchmark.

The New Leaders Underlying Fund's underweight allocation to Financial and Energy sector was a detractor to performance as both of these sectors were among the best performing sectors during the period. Moreover, the New Leaders Underlying Fund's stock selection in the Materials sector was also a detractor to performance, companies like SH Kelkar, Jindal Steel and Power and Dalmia Bharat detracted from the New Leaders Underlying Fund's performance.

### 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.

# Sun Life Excel New India Leaders Fund

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Subsequent to the reporting period, on February 19, 2020, the Manager announced a proposed change to the investment objective of the Fund effective June 5, 2020, pending securityholder approval. The securityholder vote is scheduled to take place on or about May 8, 2020. The proposed investment objectives of the Fund is to seek long-term growth of capital by investing directly in an actively managed portfolio comprised primarily of equity securities of companies located in India that are considered to be emerging industry leaders or indirectly by investing in mutual funds (including exchange-traded funds) that invest in such securities.

During the reporting period, there was slowdown in the global economy due to elevated geopolitical uncertainty and trade tensions. The Reserve Bank of India (RBI), the central bank, reduced the interest rate by 135 basis points in order to reduce the cost of money and address concerns over a slowdown in domestic growth. During the reporting period, Indian equities lagged their emerging market peers significantly because of the economic slowdown. The slowdown was accelerated due to a sharp decline in the credit given out by the banks and non-banking financial services companies. The quarter ending September 2019 was the slowest quarter for India's growth since the election of Prime Minister Modi in 2014.

During the period, India saw the re-election of the incumbent Prime Minister Narendra Modi and his party, as they not only retained a majority in the Parliament, but also extended their majority during the re-election. This was a historic accomplishment, as no prior incumbent government has won a re-election with an even greater majority than their first term. Indian equities continued the trend of narrow movement in the market through the reporting period, meaning, a few large cap companies drove most of the performance of the index, while most other companies underperformed the Indian equity index.

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 Aditya Birla Sun Life AMC, Limited to be the portfolio manager to the New Leaders Underlying 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 New India Leaders 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 (\$) <sup>(1)</sup>

#### Sun Life Excel New India Leaders Fund - Series A

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016
	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	5.52	6.28	5.42	5.00
<b>Increase (decrease) from operations:</b>				
Total revenue	-	-	-	-
Total expenses	(0.15)	(0.16)	(0.09)	(0.02)
Realized gains (losses) for the period	(0.24)	0.01	0.06	-
Unrealized gains (losses) for the period	1.18	(1.01)	0.54	0.72
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.79</b>	<b>(1.16)</b>	<b>0.51</b>	<b>0.70</b>
<b>Distributions:</b>				
From income (excluding dividends)	-	(0.04)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>(0.04)</b>	<b>-</b>	<b>-</b>
<b>Net asset value, end of period</b>	<b>6.30</b>	<b>5.52</b>	<b>6.28</b>	<b>5.42</b>

#### Sun Life Excel New India Leaders Fund - Series F

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016
	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	5.62	6.33	5.40	5.00
<b>Increase (decrease) from operations:</b>				
Total revenue	-	-	-	-
Total expenses	(0.07)	(0.08)	(0.02)	-
Realized gains (losses) for the period	(0.22)	0.01	0.03	-
Unrealized gains (losses) for the period	1.06	(1.50)	0.59	0.90
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.77</b>	<b>(1.57)</b>	<b>0.60</b>	<b>0.90</b>
<b>Distributions:</b>				
From income (excluding dividends)	-	(0.06)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>(0.06)</b>	<b>-</b>	<b>-</b>
<b>Net asset value, end of period</b>	<b>6.50</b>	<b>5.62</b>	<b>6.33</b>	<b>5.40</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 New India Leaders Fund - Series A

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016
Total net asset value (\$)	9,212,953	10,220,224	7,229,285	2,068,785
Number of units outstanding	1,462,065	1,850,086	1,151,893	382,001
Management expense ratio (%) <sup>(1)</sup>	2.50	2.98	2.98	2.93
Management expense ratio before waivers or absorption (%) <sup>(1)</sup>	2.97	3.10	5.47	19.65
Trading expense ratio (%) <sup>(2)</sup>	0.56	0.57	0.53	0.77
Portfolio turnover rate (%) <sup>(3)</sup>	152.09	119.01	84.32	6.73
Net asset value per unit (\$)	6.30	5.52	6.28	5.42

### Sun Life Excel New India Leaders Fund - Series F

	Dec. 31, 2019 <sup>(4)</sup>	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2016
Total net asset value (\$)	5,771,169	9,194,070	3,600,246	423,698
Number of units outstanding	888,223	1,637,330	569,109	78,406
Management expense ratio (%) <sup>(1)</sup>	1.35	1.87	1.85	1.94
Management expense ratio before waivers or absorption (%) <sup>(1)</sup>	1.82	1.99	4.35	18.73
Trading expense ratio (%) <sup>(2)</sup>	0.56	0.57	0.53	0.77
Portfolio turnover rate (%) <sup>(3)</sup>	152.09	119.01	84.32	6.73
Net asset value per unit (\$)	6.50	5.62	6.33	5.40

<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.

# Sun Life Excel New India Leaders Fund

The percentages and major services paid for out of the management fees are set out below:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) <sup>(*)</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	2.05	52	48
Series F Units	1.05	–	100

(\*) Includes sales and trailing commissions.

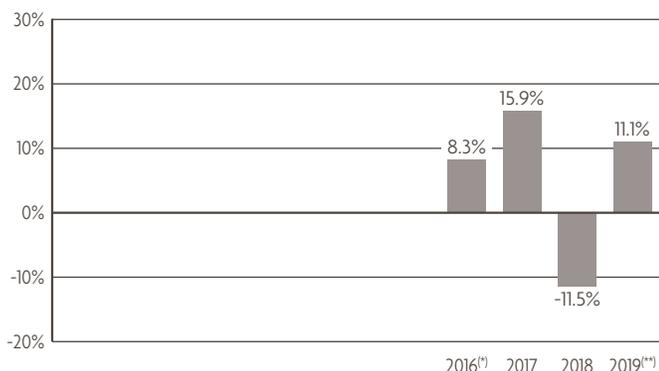
## Past Performance

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.

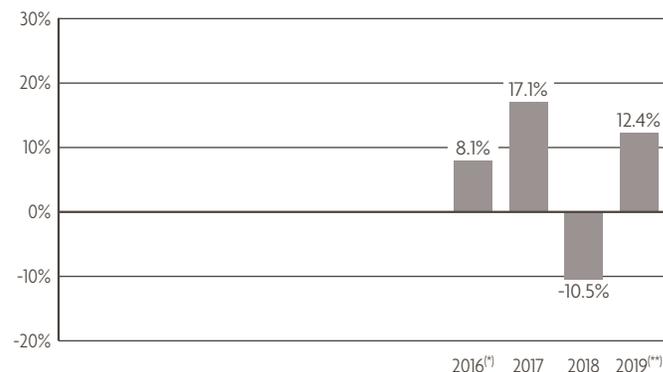
### Series A Units – Annual return for the period ended December 31, 2019



(\*) for the period of April 22, 2016 to September 30, 2016.

(\*\*) 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



(\*) for the period of April 26, 2016 to September 30, 2016.

(\*\*) 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 and F securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the "Benchmark") is composed of:  
MSCI India Small Cap Index C\$

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

The following are the broad-based index or indices:  
Broad-based index - MSCI Emerging Markets Index C\$

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)</sup>
Series A	5.3%	8.2%	N/A	N/A	6.6%
Benchmark	-9.5%	4.5%	N/A	N/A	7.1%
Broad-based index	12.4%	10.3%	8.0%	5.9%	11.2%
Series F	6.5%	9.4%	N/A	N/A	7.6%
Benchmark	-9.5%	4.5%	N/A	N/A	7.1%
Broad-based index	12.4%	10.3%	8.0%	5.9%	11.5%

(1) The performance start date for Series A units was April 22, 2016.

(2) The performance start date for Series F units was April 26, 2016.

## INDEX DESCRIPTION(S)

The MSCI India Small Cap Index is designed to measure the performance of the small cap segment of the Indian market. The index represents approximately 14% of the free float-adjusted market capitalization of the Indian equity universe.

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.

# Sun Life Excel New India Leaders Fund

## Summary of Investment Portfolio\*

as at December 31, 2019

### Top 25 Investments†

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Metropolis Healthcare Limited	6.7
2 Aditya Birla Fashion and Retail Limited	5.2
3 Jubilant Foodworks Limited	4.6
4 Voltas Limited	4.1
5 Whirlpool of India Limited	4.0
6 Trent Limited	3.7
7 TCNS Clothing Co. Limited	3.5
8 RBL Bank Limited	3.4
9 The Tata Power Co Limited	3.3
10 Polycab India Limited	3.1
11 PVR Limited	3.0
12 Exide Industries Limited	3.0
13 Odisha Cement Limited	2.9
14 MRF Limited	2.8
15 Crompton Greaves Consumer Electricals Limited	2.7
16 Mold-Tek Packaging Limited	2.7
17 The Phoenix Mills Limited	2.7
18 Aster DM Healthcare Limited	2.7
19 Qess Corp. Limited	2.5
20 Dishman Carbogen Amcis Limited	2.5
21 KEC International Limited	2.4
22 Cholamandalam Investment and Finance Co. Limited	2.4
23 Motherson Sumi Systems Limited	2.2
24 Radico Khaitan Limited	2.2
25 Apollo Hospitals Enterprise Limited	2.0
	<b>80.3</b>
<b>Total Net Asset Value ('000's)</b>	<b>\$ 14,984</b>

### Sector Allocation‡

	Percentage of Net Asset Value of the Fund %
Consumer Discretionary	36.3
Health Care	15.8
Industrials	8.9
Financials	7.8
Materials	7.4
Utilities	5.7
Cash and Cash Equivalents**	5.6
Consumer Staples	3.9
Energy	3.0
Real Estate	2.7
Communication Services	1.6
Exchange-Traded Funds - International Equities	1.3
	<b>100.0</b>

### Asset Allocation†

	Percentage of Net Asset Value of the Fund %
International Equities	94.4
Cash and Cash Equivalents**	5.6
	<b>100.0</b>

### Geographic Allocation†

	Percentage of Net Asset Value of the Fund %
India	94.4
Cash and Cash Equivalents**	5.6
	<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 New Leaders Underlying Fund. The summary of investment portfolio for the Fund presents the investments as a percentage of the net asset value of the New Leaders Underlying Fund.

(\*\*) 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 New India Leaders 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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