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# SLGI ASSET MANAGEMENT INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended December 31, 2021

Sun Life Granite Conservative Portfolio



# Sun Life Granite Conservative Portfolio

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 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](http://www.sunlifeglobalinvestments.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

SLGI Asset Management Inc. (the "Manager") is an indirect wholly owned subsidiary of Sun Life Financial Inc.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objectives and Strategies

The fundamental objectives of the Sun Life Granite Conservative Portfolio (the "Fund") are to seek income and capital appreciation, with a bias towards income, by investing primarily in fixed income mutual funds and, to a lesser extent, equity mutual funds.

In pursuing the Fund's investment objective, the portfolio manager typically invests between 63% and 83% of the Fund's assets in fixed income mutual funds and between 17% and 37% of the Fund's assets in equity mutual funds. The portfolio manager uses an asset allocation strategy to determine the balance between the portion of the Fund invested in equity mutual funds and the portion of the Fund invested in fixed income mutual funds. The equity portion of the Fund typically has exposure to Canadian equity securities, U.S. equity securities and international equity securities. The fixed income portion typically selects fixed income mutual funds with exposure to Canadian debt instruments and global debt instruments.

### 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 period, the net asset value of the Fund increased from \$1.9 billion to \$2.0 billion due to positive net sales, as well as positive performance.

During the period, the Fund returned 2.5% for Series A securities, this result lagged the Fund's blended benchmark, 34.3% FTSE Canada Universe Bond Index, 5.0% FTSE Canada 91 Day T-Bill Index, 33.7% Bloomberg Barclays Global Aggregate Bond Index Hedged C\$, 6.6% S&P/TSX Capped Composite Index, 20.4% MSCI AC World Index C\$, which returned 3.6%. The broad-based index, MSCI World Index C\$, returned 20.8%. We have included the returns of the broad-based index to help you understand how the Fund performed compared to the general market. We have also included the returns for the Fund's blended benchmark, which more closely reflects the market sectors and/or asset classes in which the Fund invests, to provide another comparison to the performance of the Fund. Please refer to the 'Past Performance' section of this report for performance of each series.

The Fund underperformed its broad-based index due to the Fund's exposure to fixed income. Fixed income underperformed equities during the reporting period.

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

Growth slowed but continued to expand across most countries. Inflation rose to decade highs for some countries driven by supply chain disruptions and labour shortages. Most global investment grade fixed income sectors generated negative returns during the year. Sovereign yields rose as the growth outlook improved and major central banks around the world started to reduce monetary stimulus. Sovereign yield is the rate of interest at which a national government can borrow. High yield debt spreads tightened more than investment grade bonds. Narrower credit spreads between corporate debt and government debt reflect a lower perceived risk of companies failing to repay debts.

# Sun Life Granite Conservative Portfolio

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An overweight exposure to emerging market equities detracted from performance. Tighter monetary and fiscal policies in some emerging markets slowed down growth. China, a key emerging market, saw its economy slow. This impacted broader emerging markets performance. Exposure to European stocks hurt performance as well. The recovery in Europe has been slower compared to the U.S.

Fund performance benefitted from being overweight equities versus fixed income for most of the period. Equity markets outperformed fixed income markets for the period. Government spending efforts around the world helped equity markets. Central banks globally lowered or kept their benchmark interest rates low to aid the recovery. Within bonds, High Yield bonds helped performance. High Yield bonds performed well as economic growth continued. Also helping performance was the Manager's decision to favour cash over fixed income. As interest rates rose bond prices fell.

## Recent Developments

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

The Fund considers Environmental, Social and Governance (ESG) factors when selecting sub-advisors. The Manager reviews each sub-advisor based on a broad range of items, including ESG integration. The Manager emphasizes the integration of ESG factors by sub-advisors into their investment processes.

Effective July 14, 2021, the Fund updated its investment strategies to include ESG factors. The Manager believes ESG factors can influence an investment's performance.

The Manager stopped offering the deferred sales charge ("DSC") and low load sales charge ("LL") purchase options on securities of the Fund. This change took place after the close of business on November 26, 2021.

After November 26, 2021, all DSC and LL purchase options are closed to purchases, including purchases made through systematic plans such as pre-authorized chequing plans. Securities purchased under the DSC and LL purchase options on or prior to November 26, 2021 may continue to be held in investor accounts. Switching securities between Funds held under the DSC or LL purchase option will continue to be permitted.

The Manager is implementing these changes in anticipation of regulatory changes mandated by the Canadian securities regulatory authorities ending the sale of DSC and LL purchase options across all Canadian jurisdictions that takes effect on June 1, 2022.

For any impacted systematic plans that invested into DSC or LL purchase options, new instructions were provided on or before November 26, 2021. Without new instructions, these systematic plans would be terminated after November 26, 2021.

Effective on or before March 31, 2022, the Manager will no longer pay trailing commissions to dealers that do not make suitability determinations (the "Impacted Dealers"), such as Order Execution Only dealers. The Manager is implementing this change in anticipation of the regulatory requirement mandated by the Canadian securities regulatory authorities to end the payment of trailing commissions to Impacted Dealers that takes effect on June 1, 2022. Effective on or before March 31, 2022, accounts at Impacted Dealers will only be permitted to purchase or hold securities of Series F, Series F5, Series FT5, Series F8, Series FT8, Series FH, Series IS, Series O and Series OH securities of the fund.

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

## Related Party Transactions

SLGI Asset Management Inc. is the manager, trustee and portfolio manager of the Fund. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

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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.

This Fund may have direct or indirect holdings in Sun Life Financial Inc. or its affiliates or other funds managed by the Manager or its affiliates. Funds managed by the Manager, or its affiliates, may invest in securities of this fund.

Fees and expenses payable to or in connection with the Sun Life Funds' Independent Review Committee ("IRC") are allocated to the series to which they apply in a manner that, in the Manager's view, is considered fair and reasonable. The amounts of these charges are disclosed in the line item "Independent review committee fees" in the Fund's Statements of Comprehensive Income (Loss).

The Manager has a distribution agreement with Sun Life Financial Investment Services (Canada) Inc. (the "Dealer"), a company under common control under which the Dealer may distribute securities of the funds offered by the Manager in the jurisdictions in which the Dealer is so authorized.

## Fund Administrative Expenses

The Manager pays certain operating expenses of the Fund (the "Administration Expenses") in return for a fixed administration fee paid to the Manager by the Fund ("Administration Fee"). The Administration Fee is based on the net asset value of each series of securities of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as Fixed annual administration fees in the Fund's Statement of Comprehensive Income found in the annual financial statements.

The Fund also pays certain operating expenses directly (the "Fund Costs"). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund's IRC; taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. The Fund allocates Fund Costs proportionately among each series of securities of the Fund to which they apply. The Fund Costs that are specific to a series of securities are allocated to that series. These amounts are paid out of the assets attributed to each series of securities of the Fund, which reduces the return you may receive.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the previous five years or for the periods since inception to December 31, 2021.

### The Fund's Net Asset Value per Security (\$) <sup>(1)</sup>

#### Sun Life Granite Conservative Portfolio - Series A

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Net asset value, beginning of period	11.82	11.51	10.74	11.35	11.14
<b>Increase (decrease) from operations:</b>					
Total revenue	0.40	0.49	0.38	0.38	0.42
Total expenses	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
Realized gains (losses) for the period	0.25	0.07	0.11	0.17	0.19
Unrealized gains (losses) for the period	(0.13)	0.25	0.63	(0.57)	0.14
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.30</b>	<b>0.59</b>	<b>0.90</b>	<b>(0.24)</b>	<b>0.53</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.08)	(0.10)	(0.11)	(0.09)	(0.13)
From dividends	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
From capital gains	(0.33)	(0.17)	(0.03)	(0.26)	(0.19)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.42)</b>	<b>(0.28)</b>	<b>(0.15)</b>	<b>(0.36)</b>	<b>(0.33)</b>
<b>Net asset value, end of period</b>	<b>11.69</b>	<b>11.82</b>	<b>11.51</b>	<b>10.74</b>	<b>11.35</b>

# Sun Life Granite Conservative Portfolio

## Sun Life Granite Conservative Portfolio - Series T5

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Net asset value, beginning of period	13.36	13.52	13.07	14.14	14.35
<b>Increase (decrease) from operations:</b>					
Total revenue	0.41	0.53	0.47	0.43	0.54
Total expenses	(0.24)	(0.25)	(0.26)	(0.26)	(0.28)
Realized gains (losses) for the period	0.28	0.06	0.14	0.22	0.24
Unrealized gains (losses) for the period	(0.14)	0.22	0.70	(0.72)	0.18
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.31</b>	<b>0.56</b>	<b>1.05</b>	<b>(0.33)</b>	<b>0.68</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	(0.11)	(0.64)	(0.50)
From dividends	-	-	(0.01)	-	-
From capital gains	(0.36)	(0.19)	-	(0.31)	(0.24)
Return of capital	(0.61)	(0.62)	(0.53)	(0.01)	(0.16)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.97)</b>	<b>(0.81)</b>	<b>(0.65)</b>	<b>(0.96)</b>	<b>(0.90)</b>
<b>Net asset value, end of period</b>	<b>12.70</b>	<b>13.36</b>	<b>13.52</b>	<b>13.07</b>	<b>14.14</b>

## Sun Life Granite Conservative Portfolio - Series F

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Net asset value, beginning of period	11.98	11.67	10.89	11.52	11.34
<b>Increase (decrease) from operations:</b>					
Total revenue	0.42	0.51	0.40	0.41	0.48
Total expenses	(0.11)	(0.11)	(0.12)	(0.12)	(0.13)
Realized gains (losses) for the period	0.25	0.07	0.12	0.18	0.20
Unrealized gains (losses) for the period	(0.14)	0.24	0.58	(0.64)	0.03
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.42</b>	<b>0.71</b>	<b>0.98</b>	<b>(0.17)</b>	<b>0.58</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.18)	(0.19)	(0.21)	(0.20)	(0.24)
From dividends	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
From capital gains	(0.35)	(0.18)	(0.03)	(0.26)	(0.20)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.55)</b>	<b>(0.39)</b>	<b>(0.26)</b>	<b>(0.48)</b>	<b>(0.46)</b>
<b>Net asset value, end of period</b>	<b>11.84</b>	<b>11.98</b>	<b>11.67</b>	<b>10.89</b>	<b>11.52</b>

## Sun Life Granite Conservative Portfolio - Series F5

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Net asset value, beginning of period	14.75	14.78	14.15	15.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.50	0.56	0.55	0.66
Total expenses	(0.13)	(0.13)	(0.14)	(0.13)
Realized gains (losses) for the period	0.30	0.08	0.12	0.16
Unrealized gains (losses) for the period	(0.16)	0.45	0.54	(1.24)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.51</b>	<b>0.96</b>	<b>1.07</b>	<b>(0.55)</b>
<b>Distributions:</b>				
From income (excluding dividends)	-	-	(0.13)	(0.67)
From dividends	-	-	(0.01)	(0.01)
From capital gains	(0.40)	(0.21)	-	(0.34)
Return of capital	(0.68)	(0.68)	(0.57)	(0.01)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.08)</b>	<b>(0.89)</b>	<b>(0.71)</b>	<b>(1.03)</b>
<b>Net asset value, end of period</b>	<b>14.16</b>	<b>14.75</b>	<b>14.78</b>	<b>14.15</b>

## Sun Life Granite Conservative Portfolio - Series I

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Net asset value, beginning of period	12.40	12.07	11.23	11.87	11.64
<b>Increase (decrease) from operations:</b>					
Total revenue	0.41	0.52	0.41	0.39	0.45
Total expenses	-	(0.01)	-	-	-
Realized gains (losses) for the period	0.26	0.07	0.12	0.18	0.20
Unrealized gains (losses) for the period	(0.14)	0.26	0.63	(0.60)	0.12
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.53</b>	<b>0.84</b>	<b>1.16</b>	<b>(0.03)</b>	<b>0.77</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.28)	(0.29)	(0.30)	(0.29)	(0.32)
From dividends	(0.03)	(0.03)	(0.03)	(0.04)	(0.03)
From capital gains	(0.37)	(0.19)	(0.04)	(0.28)	(0.21)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.68)</b>	<b>(0.51)</b>	<b>(0.37)</b>	<b>(0.61)</b>	<b>(0.56)</b>
<b>Net asset value, end of period</b>	<b>12.26</b>	<b>12.40</b>	<b>12.07</b>	<b>11.23</b>	<b>11.87</b>

## Sun Life Granite Conservative Portfolio - Series O

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Net asset value, beginning of period	10.88	10.58	9.86	10.42	10.21
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.42	0.34	0.35	0.38
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.23	0.05	0.10	0.16	0.17
Unrealized gains (losses) for the period	(0.12)	0.19	0.62	(0.53)	0.14
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.45</b>	<b>0.64</b>	<b>1.04</b>	<b>(0.04)</b>	<b>0.67</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.24)	(0.25)	(0.26)	(0.24)	(0.27)
From dividends	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
From capital gains	(0.32)	(0.16)	(0.03)	(0.24)	(0.18)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.58)</b>	<b>(0.43)</b>	<b>(0.31)</b>	<b>(0.51)</b>	<b>(0.47)</b>
<b>Net asset value, end of period</b>	<b>10.76</b>	<b>10.88</b>	<b>10.58</b>	<b>9.86</b>	<b>10.42</b>

(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 Granite Conservative Portfolio - Series A

	2021	2020	2019	2018	2017
Total net asset value (\$000s) <sup>(1)</sup>	690,152	645,235	563,089	451,065	419,010
Number of securities outstanding (000s) <sup>(1)</sup>	59,046	54,606	48,917	42,009	36,928
Management expense ratio (%)	1.88	1.93	1.92	1.93	1.93
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.88	1.93	1.92	1.93	1.93
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80	51.74
Net asset value per security (\$) <sup>(1)</sup>	11.69	11.82	11.51	10.74	11.35

# Sun Life Granite Conservative Portfolio

## Sun Life Granite Conservative Portfolio - Series T5

	2021	2020	2019	2018	2017
Total net asset value (\$000s) <sup>(1)</sup>	5,857	7,155	7,633	5,602	6,877
Number of securities outstanding (000s) <sup>(1)</sup>	461	536	564	428	486
Management expense ratio (%)	1.89	1.94	1.93	1.94	1.94
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.89	1.94	1.93	1.94	1.94
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80	51.74
Net asset value per security (\$) <sup>(1)</sup>	12.70	13.36	13.52	13.07	14.14

## Sun Life Granite Conservative Portfolio - Series F

	2021	2020	2019	2018	2017
Total net asset value (\$000s) <sup>(1)</sup>	131,374	108,517	83,299	54,447	35,284
Number of securities outstanding (000s) <sup>(1)</sup>	11,096	9,060	7,138	5,002	3,062
Management expense ratio (%)	0.99	1.03	1.04	1.05	1.11
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.99	1.03	1.04	1.05	1.11
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80	51.74
Net asset value per security (\$) <sup>(1)</sup>	11.84	11.98	11.67	10.89	11.52

## Sun Life Granite Conservative Portfolio - Series F5

	2021	2020	2019	2018
Total net asset value (\$000s) <sup>(1)</sup>	772	734	1,281	543
Number of securities outstanding (000s) <sup>(1)</sup>	55	50	87	38
Management expense ratio (%)	0.96	0.99	1.00	1.03
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.96	0.99	1.00	1.03
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80
Net asset value per security (\$) <sup>(1)</sup>	14.16	14.75	14.78	14.15

## Sun Life Granite Conservative Portfolio - Series I

	2021	2020	2019	2018	2017
Total net asset value (\$000s) <sup>(1)</sup>	1,162,038	1,078,218	914,254	702,516	694,930
Number of securities outstanding (000s) <sup>(1)</sup>	94,754	86,953	75,777	62,533	58,523
Management expense ratio (%)	0.07	0.07	0.06	0.07	0.06
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.07	0.07	0.06	0.07	0.06
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80	51.74
Net asset value per security (\$) <sup>(1)</sup>	12.26	12.40	12.07	11.23	11.87

## Sun Life Granite Conservative Portfolio - Series O

	2021	2020	2019	2018	2017
Total net asset value (\$000s) <sup>(1)</sup>	48,492	54,955	59,342	53,824	51,085
Number of securities outstanding (000s) <sup>(1)</sup>	4,506	5,051	5,606	5,461	4,904
Management expense ratio (%)	0.21	0.20	0.19	0.20	0.26
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.21	0.20	0.19	0.20	0.26
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.04	0.01	0.02	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	20.54	63.03	36.74	38.80	51.74
Net asset value per security (\$) <sup>(1)</sup>	10.76	10.88	10.58	9.86	10.42

<sup>(1)</sup> This information is provided as at December 31 of the period shown, as applicable.

<sup>(2)</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>(3)</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>(4)</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.

## 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>(*)</sup>	General Administration, Investment Advice and Profit (%)
Series A Securities	1.45	46	54
Series T5 Securities	1.45	41	59
Series F Securities	0.70	-	100
Series F5 Securities	0.70	-	100
Series I Securities <sup>(†)</sup>	-	-	100
Series O Securities <sup>(†)</sup>	0.70	-	100

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

<sup>(†)</sup> Series O management fees are not paid by the Fund. Series O investors pay management fees directly to the Manager.

<sup>(‡)</sup> Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the Manager.

# Sun Life Granite Conservative Portfolio

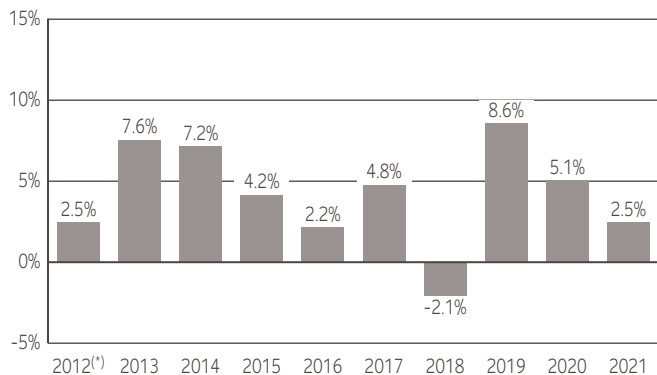
## Past Performance

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.

## Year-by-Year Returns

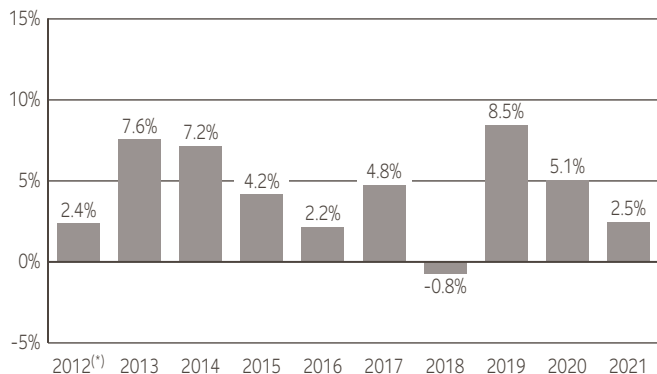
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

**Series A Securities – Annual return for the period ended December 31, 2021**



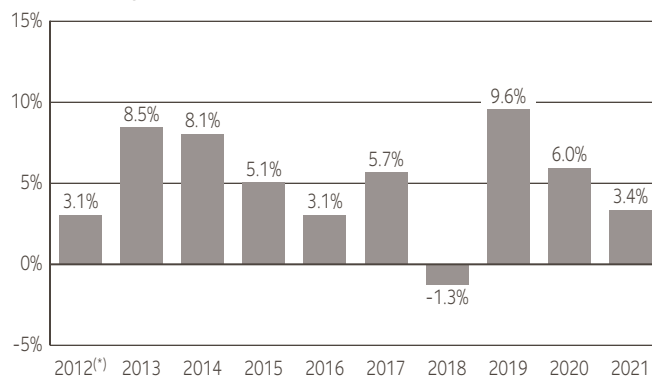
<sup>(\*)</sup> for the period of January 17, 2012 to December 2012.

**Series T5 Securities – Annual return for the period ended December 31, 2021**



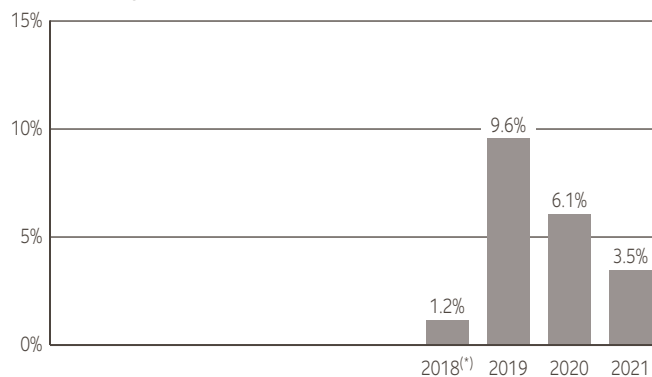
<sup>(\*)</sup> for the period of January 17, 2012 to December 2012.

**Series F Securities – Annual return for the period ended December 31, 2021**



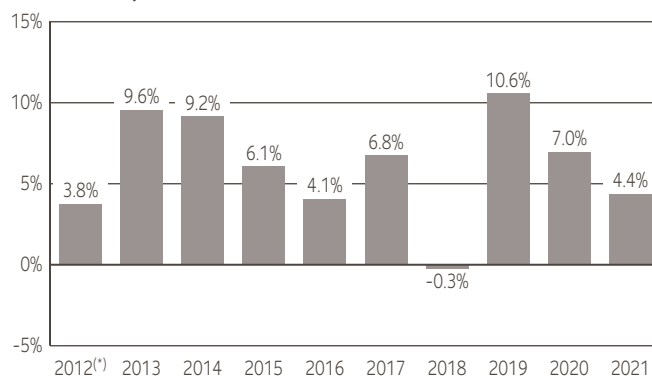
<sup>(\*)</sup> for the period of January 17, 2012 to December 2012.

**Series F5 Securities – Annual return for the period ended December 31, 2021**



<sup>(\*)</sup> for the period February 13, 2018 to December 31, 2018.

**Series I Securities – Annual return for the period ended December 31, 2021**

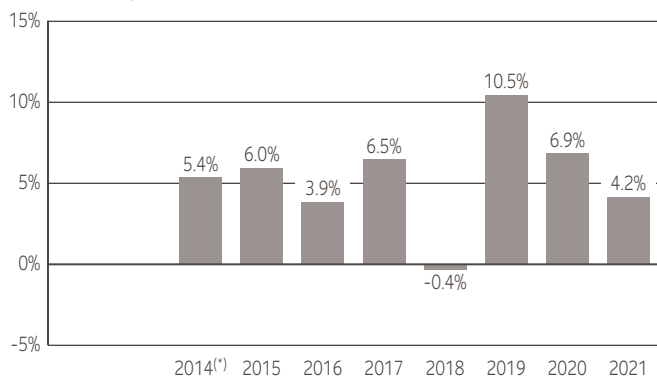


<sup>(\*)</sup> for the period of January 17, 2012 to December 2012.



# Sun Life Granite Conservative Portfolio

## Series O Securities – Annual return for the period ended December 31, 2021



(\*) for the period April 1, 2014 to December 31, 2014.

## Annual Compound Returns

The table compares the historical annual compound total returns of Series A, F, F5, I, O and T5 securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the "Benchmark") is composed of:  
 34.3% FTSE Canada Universe Bond Index  
 5.0% FTSE Canada 91 Day T-Bill Index  
 33.7% Bloomberg Barclays Global Aggregate Bond Index Hedged C\$  
 6.6% S&P/TSX Capped Composite Index  
 20.4% MSCI AC World Index C\$

The Series A securities 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 - MSCI World Index C\$

The previous broad-based index or indices is composed of:  
 Bloomberg Barclays Global Aggregate Bond Index C\$  
 MSCI World Index C\$

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

A discussion of the Fund's performance compared to its benchmark and broad-based index or indices, if applicable, can be found in the Results of Operations section.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)(4)(5)(6)</sup>
Series A	2.5%	5.4%	3.7%	N/A	4.3%
Series T5	2.5%	5.3%	4.0%	N/A	4.5%
Series F	3.4%	6.3%	4.6%	N/A	5.2%
Benchmark	3.6%	7.5%	5.6%	N/A	5.8%
Broad-based index	20.8%	18.6%	13.7%	15.2%	14.5%
Series F5	3.5%	6.3%	N/A	N/A	5.2%
Benchmark	3.6%	7.5%	5.6%	N/A	6.2%
Broad-based index	20.8%	18.6%	13.7%	15.2%	14.5%
Series I	4.4%	7.3%	5.6%	N/A	6.3%
Benchmark	3.6%	7.5%	5.6%	N/A	5.8%
Broad-based index	20.8%	18.6%	13.7%	15.2%	14.5%
Series O	4.2%	7.2%	5.5%	N/A	5.5%
Benchmark	3.6%	7.5%	5.6%	N/A	5.5%
Broad-based index	20.8%	18.6%	13.7%	15.2%	12.8%

(1) The performance start date for Series A securities was January 17, 2012.

(2) The performance start date for Series T5 securities was January 17, 2012.

(3) The performance start date for Series F securities was January 17, 2012.

(4) The performance start date for Series F5 securities was February 13, 2018.

(5) The performance start date for Series I securities was January 17, 2012.

(6) The performance start date for Series O securities was April 1, 2014.

## 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.

The FTSE Canada 91 Day T-Bill Index measures the performance of the 91 day Treasury Bill market.

The Bloomberg Barclays Global Aggregate Bond Index Hedged 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. This index is hedged to the Canadian dollar.

The S&P/TSX Capped Composite Index imposes capped weights of 10% on all of the constituents included in the S&P/TSX Composite Index. The S&P/TSX Composite Index covers approximately 95% of the Canadian equities market, and has been the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies since 1977.

The MSCI AC World Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in global developed and emerging markets.

# Sun Life Granite Conservative Portfolio

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

## Summary of Investment Portfolio\*

as at December 31, 2021

## Top 25 Investments

Holding Name <sup>†</sup>	Percentage of Net Asset Value of the Fund (%)
1 PH&N Bond Fund, Series O	18.4
2 Sun Life U.S. Core Fixed Income Fund, Series I	14.7
3 Sun Life BlackRock Canadian Universe Bond Fund, Series I	9.4
4 Sun Life Granite Tactical Completion Fund, Series I	8.4
5 Sun Life Wellington Opportunistic Fixed Income Private Pool, Series I	6.1
6 Sun Life Schroder Global Mid Cap Fund, Series I	4.4
7 RBC High Yield Bond Fund, Series O	3.7
8 Sun Life NWQ Flexible Income Fund, Series I	3.6
9 Sun Life Money Market Fund, Series I	3.5
10 Sun Life MFS U.S. Value Fund, Series I	3.4
11 Sun Life MFS U.S. Growth Fund, Series I	3.4
12 RBC Emerging Markets Bond Fund (CAD-Hedged), Series O	2.8
13 Sun Life JPMorgan International Equity Fund, Series I	2.7
14 Sun Life Real Assets Private Pool, Series I	2.6
15 Beutel Goodman Canadian Equity Fund, Class I	2.3
16 Sun Life BlackRock Canadian Composite Equity Fund, Series I	2.1
17 Sun Life MFS Canadian Equity Fund, Series I	1.8
18 Sun Life Schroder Emerging Markets Fund, Series I	1.6
19 Sun Life Core Advantage Credit Private Pool, Series I	1.6
20 Sun Life MFS International Value Fund, Series I	1.1
21 Sun Life MFS International Opportunities Fund, Series I	1.1
22 iShares Core S&P 500 ETF	0.6
23 ABSL Umbrella UCITS Fund, Class E <sup>¶</sup>	0.5
24 Cash and Cash Equivalents	0.2
25 Invesco Exchange-Traded Fund Trust - Invesco S&P 500r Pure	-
	<b>100.0</b>
<b>Total Net Asset Value (000s)</b>	<b>\$ 2,038,685</b>

## Asset Allocation

	Percentage of Net Asset Value of the Fund (%)
Fixed Income	71.1
Equity	28.7
Cash and Cash Equivalents	0.2
Other Assets less Liabilities	-
	<b>100.0</b>

(\*) All information is as at December 31, 2021. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Unless otherwise noted positions are long. You may obtain quarterly updates to these holdings free of charge by calling us at 1-877-344-1434, visiting our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

(¶) The Fund has obtained an exemption from the Canadian Securities Administrators to purchase units of ABSL Umbrella UCITS Fund, Class E, a foreign investment fund. For more information on the exemption, please refer to the fund's annual information form, which is available on our website at [sunlifeglobalinvestments.com](http://sunlifeglobalinvestments.com).

(†) The investment portfolio includes one or more other investment fund(s). The prospectus of the underlying investment fund(s) and other information can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## Forward-Looking Statements

*This management report of fund performance may contain forward-looking statements about the Fund, including its strategies, results of operations, performance and condition. Forward-looking statements include statements that are predictive in nature, or that depend upon or refer to future events or conditions. They are based on current beliefs, expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and various economic factors. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, technological changes, changes in government regulations or in tax laws and pandemics. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective", and similar expressions are intended to identify forward-looking statements. The Manager does not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this document or to reflect new information or the occurrence of unanticipated events, except as required by law.*

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

### Sun Life Granite Conservative Portfolio

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