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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life Opportunistic Fixed Income Fund  
(formerly Sun Life Multi-Strategy Target Return Fund)



# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return 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 investment objectives of the Sun Life Opportunistic Fixed Income Fund (the "Fund") are to seek long-term capital appreciation and income by investing primarily in a diversified portfolio of global fixed income securities. The Fund may use derivatives to gain exposure to its portfolio and may engage in cash borrowing and short selling. The Fund's aggregate exposure to derivatives is used for nonhedging purposes, cash borrowing and short selling will not exceed the limits permitted under applicable securities legislation. The fund objective was changed on May 24th, 2019. The former fund Sun Life Multi-Strategy Target Return Fund (the "Former Fund")'s investment objective was to seek long-term absolute return by delivering a positive return over rolling three-year periods, regardless of the prevailing market environment.

The Fund's Sub-Advisor is Wellington Management Canada ULC. (the "Sub-Advisor"). The Sub-Advisor has retained its affiliate, Wellington Management Company LLP, Wellington Management International Ltd, Wellington Management Hong Kong Ltd, Wellington Management Japan Pte Ltd, and/or Wellington Management Singapore Pte Ltd. to provide investment advice to the Sub-Advisor in respect of the investment portfolio of the Fund. In order to achieve its investment objective, the Sub-Advisor aims to provide timely and dynamic exposure to a portfolio of high conviction global fixed income securities consisting of sovereign debt, inflation-linked bonds, corporate / high yield credit, securitized debt, bank loans, emerging markets debt, and convertible securities. The Fund actively manage risk with the goal of aligning long-term volatility of the portfolio with the Bloomberg Barclays Global Aggregate Bond Index (hedged to Canadian dollars). The Fund generates total returns through three main approaches: strategic sector positioning, market-neutral strategies, and tactical asset allocation.

### Risk

The risk-rating for the Fund has changed from "Low to Medium" to "Low" effective as of May 24, 2019. This was a result of an investment objective change. The Fund appointed Wellington Management Canada ULC as sub-advisor. The risks associated with investing in the Fund is as outlined in the Fund's Simplified Prospectus.

### Results of Operations

During the period, the net asset value of the Fund decreased from \$83.5 million to \$59.2 million due to net redemptions, partially offset by positive performance.

During the period, the Fund returned 7.5% for Series A units, this result surpassed the Fund's benchmark, which returned 7.4%. The broad-based index returned 6.9%. 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 benchmark was changed as a result of a change to the Fund's objective effective end of business day May 24, 2019. The previous benchmark was the Bank of Canada Overnight Target Rate Policy, which returned 1.9%. 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 of the Fund. Effective end of business day May 24, 2019, the Fund adopted a new investment objective, new investment strategies, and was renamed Sun Life Opportunistic Fixed Income Fund.

Over the reporting period, the Fund returned positively. The Fund's primary contributor was driven by emerging market debts exposure, specifically local currency government bonds from Indonesia, Russia, and Mexico. Local currency emerging market debts outperformed as their local currencies appreciated relative to the U.S. dollar. In addition, exposure to inflation-sensitive bonds positively contributed to the Fund's performance. Continued monetary and fiscal accommodation provided a supportive environment for inflation-sensitive bonds. Bank loan exposure also contributed to the Fund's performance as stronger abilities for corporates to pay its interest expenses and stable leverage ratio supported the return of the asset class.

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund)

Duration management (managing bond return sensitivity to changes in interest rates positions) detracted from the Fund's performance- specifically, holding Canadian and Norwegian government bonds. Global sovereign yields increased across most markets over the reporting period amid stabilized global activity indicators, progress on trade talks and de-escalation of several major geopolitical events. Owning peripheral European debt modestly detracted from the Fund's performance as credit ratings amongst these countries declined during the period following tepid economic results, and major political party changes.

The Fund's short position in investment-grade corporates and U.S. dollar-denominated emerging market debts increased due to new valuation opportunities. Exposure to residential mortgage-backed securities (RMBS) and asset-backed securities (ABS) increased meaningfully as the U.S. housing demand and building starts rose on the back of strong employment and wage growth. The Fund retained a favorable stance on local-currency emerging market debts.

## Leverage

The Sun Life Opportunistic Fixed Income Fund is an alternative mutual fund which has the ability to use investment strategies that are not permitted for conventional mutual funds, including the use of leverage up to 300% of the Fund's NAV. The sources of leverage in the Fund during the period January 1 to December 31, 2019 were short sales on holdings; cash borrowed for investment purposes and the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. During the period, the Fund's aggregate exposure ranged from 0% to 851% of the Fund's NAV. The high end of the leverage range occurred at a time when the previous sub-advisor aimed to gain exposure to equity markets by implementing call options on European and UK equity indices, funded by selling put options. The option positions, while creating higher leverage, allowed the previous sub-advisor to position the Fund conservatively with limited downside risk in equity markets. The high end of the range occurred at the beginning of the period when the Fund operated under its previous mandate when it operated as a commodity pool and was subject to National Instrument 81-104 which permitted greater leverage to be used to manage the Fund. The lower end of the range was reached in May of 2019 when the Fund liquidated its investment positions in order to transition to its new investment objectives and investment strategies. Since the new investment objectives and investment strategies the Fund's exposure ranged from 63% to 153%.

## Recent Developments

On May 17, 2019, unitholders of the Sun Life Multi-Strategy Target Return Fund approved a change in the Fund's investment objective by way of a unitholder meeting. Effective end of business day May 24, 2019, the Fund (i) adopted its new investment objective to seek long-term capital appreciation and income by investing primarily in a diversified portfolio of global fixed income securities; (ii) implemented new investment strategies and was renamed Sun Life Opportunistic Fixed Income Fund; (iii) appointed Wellington Management Canada ULC as sub-advisor to the Fund, replacing Aviva Investors Canada Inc. ; and (iv) reduced its management fees to Series A – 1.55%, Series F – 0.80% and its administration fees to Series A – 0.15%, Series F – 0.10%. To reflect the change in investment objective, the Fund's benchmark was changed to the Bloomberg Barclays Global Aggregate Bond Index hedged to C\$. The previous Fund benchmark was the Bank of Canada Overnight Target Rate Policy.

On November 25, 2019, the Manager announced a number of changes to the Fund. These changes have an effective date of February 26, 2020, and are designed to align the features of the Fund with those of the Sun Life Global Investments Private Investment Pools, expected to be available on or about February 26, 2020. The name of the Fund will be changed to the Sun Life Opportunistic Fixed Income Private Pool. The management fee for Series A will be reduced from 1.55% to 1.52%, Series F will be reduced from 0.80% to 0.77%. There will be no change to the investment objective, investment strategies, or changes to the sub-advisor.

Effective November 25, 2019, Series O units of the Fund is no longer available for purchase.

Global sovereign yields increased across most markets amid stabilizing global economic activity indicators and progress on trade talks. The global cycle is bottoming while policy uncertainty has been significantly reduced. The Federal Reserve (the "Fed") policy to let the U.S. economy run hot is positive for risk assets.

The U.S. economic growth momentum turned positive towards the end of 2019. The manufacturing sector has stabilized, while consumer and housing activity are continuing to show signs of resilience. Additionally, global growth appears to be showing positive progress as two major geopolitical risks (Brexit and U.S.-China trade) are reduced over the near-term. The Fed's policy path will likely be dictated by the evolution of economic data and developments concerning trade dynamics.

There are several fixed-income assets held within the Fund that the Sub-Advisor believes will benefit from the current environment, including global inflation-linked bonds, emerging markets local debt, bank loans, and energy sector high yield. At the same time, the Sub-Advisor believes that following a

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund)

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decade of outperformance, several credit sectors, particularly investment-grade U.S. dollar-denominated credit sectors and the U.S. dollar are not attractively priced. The Fund is positioned to take advantage of these structural and tactical opportunities.

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 Wellington Management Canada ULC to act as a sub-advisor the Fund.

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

## Fund Administrative Expenses

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

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

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return 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 Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series A

	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Net asset value, beginning of period	8.89	9.56	9.98	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.25	0.12	0.06	0.09
Total expenses	(0.26)	(0.30)	(0.28)	(0.17)
Realized gains (losses) for the period	0.01	0.07	(0.02)	0.10
Unrealized gains (losses) for the period	0.72	(0.44)	(0.16)	0.34
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.72</b>	<b>(0.55)</b>	<b>(0.40)</b>	<b>0.36</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.11)	-	-	(0.20)
From dividends	(0.01)	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.12)</b>	<b>-</b>	<b>-</b>	<b>(0.20)</b>
<b>Net asset value, end of period</b>	<b>9.44</b>	<b>8.89</b>	<b>9.56</b>	<b>9.98</b>

#### Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series F

	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.12	9.70	10.01	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.13	0.09	0.06	0.11
Total expenses	(0.16)	(0.19)	(0.17)	(0.10)
Realized gains (losses) for the period	0.01	0.03	-	0.08
Unrealized gains (losses) for the period	0.96	(0.19)	(0.17)	0.28
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.94</b>	<b>(0.26)</b>	<b>(0.28)</b>	<b>0.37</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.14)	-	-	(0.22)
From dividends	(0.01)	-	-	-
From capital gains	-	-	-	-
Return of capital	(0.02)	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.17)</b>	<b>-</b>	<b>-</b>	<b>(0.22)</b>
<b>Net asset value, end of period</b>	<b>9.73</b>	<b>9.12</b>	<b>9.70</b>	<b>10.01</b>

#### Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series I

	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.18	9.80	10.05	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.26	0.16	0.06	0.06
Total expenses	(0.02)	(0.02)	(0.01)	(0.01)
Realized gains (losses) for the period	0.01	0.13	(0.03)	0.15
Unrealized gains (losses) for the period	0.67	(0.87)	(0.19)	0.01
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.92</b>	<b>(0.60)</b>	<b>(0.17)</b>	<b>0.21</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.23)	(0.18)	(0.11)	(0.25)
From dividends	(0.01)	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.24)</b>	<b>(0.18)</b>	<b>(0.11)</b>	<b>(0.25)</b>
<b>Net asset value, end of period</b>	<b>9.84</b>	<b>9.18</b>	<b>9.80</b>	<b>10.05</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.

## Ratios and Supplemental Data

#### Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series A

	2019	2018	2017	2016
Total net asset value (\$) <sup>(1)</sup>	4,763,628	4,380,833	6,603,340	6,471,540
Number of units outstanding <sup>(1)</sup>	504,698	492,592	690,425	648,707
Management expense ratio (%) <sup>(2)</sup>	2.25	2.76	2.79	2.78
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.25	2.76	2.79	2.78
Trading expense ratio (%) <sup>(3)</sup>	0.09	0.04	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	252.95	121.57	109.41	106.50
Net asset value per unit (\$) <sup>(1)</sup>	9.44	8.89	9.56	9.98

#### Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series F

	2019	2018	2017	2016
Total net asset value (\$) <sup>(1)</sup>	8,903,255	14,916,835	38,435,874	36,820,839
Number of units outstanding <sup>(1)</sup>	914,746	1,635,295	3,963,913	3,679,996
Management expense ratio (%) <sup>(2)</sup>	1.31	1.61	1.68	1.66
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.31	1.61	1.68	1.66
Trading expense ratio (%) <sup>(3)</sup>	0.09	0.04	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	252.95	121.57	109.41	106.50
Net asset value per unit (\$) <sup>(1)</sup>	9.73	9.12	9.70	10.01

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund)

## Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund) - Series I

	2019	2018	2017	2016
Total net asset value (\$) <sup>(1)</sup>	45,534,622	64,190,242	39,952,070	31,995,065
Number of units outstanding <sup>(1)</sup>	4,626,558	6,990,992	4,078,217	3,182,287
Management expense ratio (%) <sup>(2)</sup>	0.07	0.06	0.07	0.07
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.07	0.06	0.07	0.07
Trading expense ratio (%) <sup>(3)</sup>	0.09	0.04	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	252.95	121.57	109.41	106.50
Net asset value per unit (\$) <sup>(1)</sup>	9.84	9.18	9.80	10.05

<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:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) <sup>(1)</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	1.55	53	47
Series F Units	0.80	—	100
Series I Units <sup>(1)</sup>	—	—	—

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

<sup>(1)</sup> Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the manager.

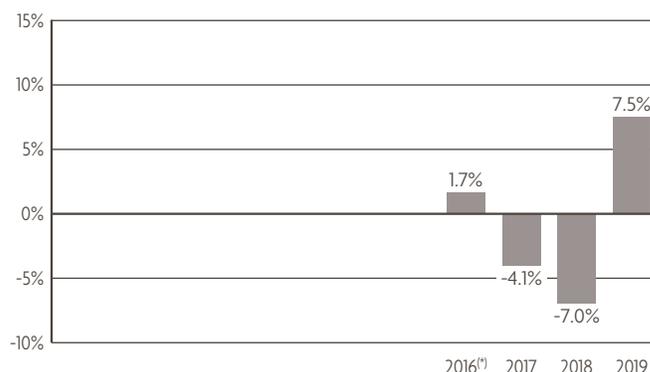
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any unitholder that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

## Year-by-Year Returns

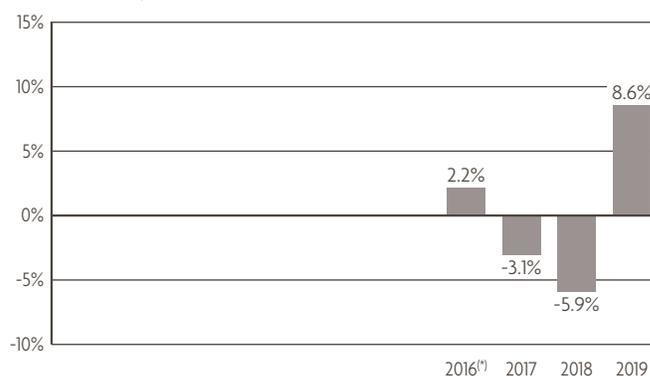
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

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



<sup>(1)</sup> for the period of May 11, 2016 to December 31, 2016.

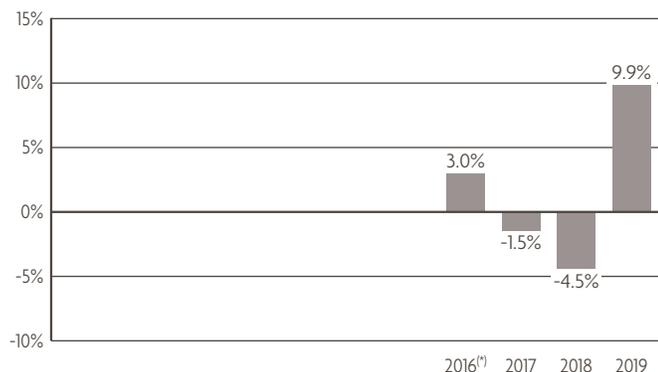
Series F Units – Annual return for the period ended December 31, 2019



<sup>(1)</sup> for the period of May 11, 2016 to December 31, 2016.

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund)

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



<sup>(1)</sup> for the period of May 11, 2016 to December 31, 2016.

The following bar chart presents the performance of the Fund's long and short portfolio positions for the period ended December 31, 2019, before deducting fees and expenses and before the effect of other assets (liabilities).



## Annual Compound Returns

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

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

Bloomberg Barclays Global Aggregate Bond Index Hedged C\$

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

Bank of Canada Overnight Target Rate Policy

The benchmark was changed as a result of a change to the Fund's objective effective end of business day May 24, 2019.

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

The following are the broad-based index or indices:

Broad-based index - FTSE Canada Universe Bond Index

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)</sup>
Series A	7.5%	-1.4%	N/A	N/A	-0.7%
Series F	8.6%	-0.3%	N/A	N/A	0.3%
Series I	9.9%	1.1%	N/A	N/A	1.8%
Current Benchmark	7.4%	3.7%	3.3%	4.3%	2.9%
Previous Benchmark	1.9%	1.3%	N/A	N/A	1.2%
Broad-based index	6.9%	3.6%	3.2%	4.3%	2.7%

<sup>(1)</sup> The performance start date for Series A units was May 11, 2016.

<sup>(2)</sup> The performance start date for Series F units was May 11, 2016.

<sup>(3)</sup> The performance start date for Series I units was May 11, 2016.

## INDEX DESCRIPTION(S)

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. This index is hedged to the Canadian dollar.

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.

# Sun Life Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return Fund)

## Summary of Investment Portfolio\*

as at December 31, 2019

### Top 25 Investments

Holding Name <sup>†</sup>	Percentage of Net Asset Value of the Fund (%)
1 US Treasury Bond, 2.00%, Nov 15, 2026 <sup>1,2</sup>	13.7
2 US Treasury Bond, 2.00%, May 31, 2024 <sup>1,2</sup>	8.8
3 IRS CAD REC FIX, 1.89%, Sep 27, 2024 <sup>1</sup>	8.5
4 United States Treasury Inflation Indexed Bonds, 0.68%, Jan 15, 2027	6.8
5 Canadian Government Bond, 1.50%, Sep 1, 2024 <sup>1,2</sup>	5.8
6 Fannie Mae or Freddie Mac, 2.50%, Jan 01, 2027	5.5
7 Japanese Government CPI Linked Bond, 0.10%, Mar 10, 2029	5.5
8 JPY Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	5.3
9 iShares JP Morgan USD Emerging Markets Bond ETF	4.4
10 GBP Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	4.3
11 CAD Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	3.7
12 Deutsche Bundesrepublik Inflation Linked Bond, 0.53%, Apr 15, 2030	3.5
13 Russian Federal Inflation Linked Bond, 2.67%, Feb 02, 2028	3.2
14 IRS NOK REC FIX, 2.01%, Sep 18, 2029 <sup>1</sup>	3.2
15 IRS MXN REC FIX, 6.75%, Dec 3, 2029 <sup>1</sup>	3.1
16 AUD Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	3.1
17 Fannie Mae or Freddie Mac, 3.00%, Jan 01, 2041	2.9
18 Ginnie Mae, 3.00%, Jan 15, 2049	2.6
19 IRS CNY REC FIX, 2.89%, Dec 18, 2024 <sup>1</sup>	2.6
20 Russian Federal Bond - OFZ, 6.90%, May 23, 2029	2.0
21 EUR Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	1.9
22 CAD Currency Forward Contract, Jan 10, 2020 <sup>1</sup>	1.9
23 United States Treasury Inflation Indexed Bonds, 0.93%, Feb 15, 2047	1.8
24 Russian Federal Inflation Linked Bond, 3.02%, Aug 16, 2023	1.8
25 NOK Currency Forward Contract, Jan 31, 2020 <sup>1</sup>	1.7
	<b>107.6</b>
<b>Total Net Asset Value ('000's)</b>	<b>\$ 59,202</b>

### Sector Allocation

	Percentage of Net Asset Value of the Fund %
U.S. Corporate Bond	52.3
International Government Bond	30.7
U.S. Government Bond	10.2
Exchange-Traded Funds - Emerging Markets Bond	4.4
Derivatives - Long	3.7
International Corporate Bond	3.4
Exchange-Traded Funds - Convertible Securities	1.0
Canadian Federal Government Bond	1.0
Canadian Corporate Bond	0.4
Industrials	0.1
Derivatives - Short	(2.5)
Cash and Cash Equivalents**	(4.7)
	<b>100.0</b>

### Asset Allocation

	Percentage of Net Asset Value of the Fund %
U.S. Fixed Income	62.5
International Fixed Income	34.1
International Equities	5.5
Derivatives - Long	3.7
Canadian Fixed Income	1.4
Derivatives - Short	(2.5)
Cash and Cash Equivalents**	(4.7)
	<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).

(†) In determining its holdings ranking for purposes of the disclosure required by this Item, the Fund has, for each long position in a derivative that is held by the investment fund for purposes other than hedging and for each index participation unit held by the investment fund, from a value perspective considered that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.

(2) Further to the footnote above, in the case of Futures derivatives, the name of the underlying interest, has been displayed. The Futures derivatives that correspond to the ranked items above are as follows: Ranking 1: CBOT 10 YR T-NOTE FUTURES - Expiry Date: 20/03/2020, Ranking 2: CBOT 5YR US T-NOTE FUTURES - Expiry Date: 31/03/2020, Ranking 5: CAN 5YR BOND FUTURES - Expiry Date: 20/03/2020

(\*\*) Cash and Cash Equivalents, for the purpose of this chart, includes other assets less liabilities.

(††) The investment portfolio include(s) 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 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 Opportunistic Fixed Income Fund (formerly Sun Life Multi-Strategy Target Return 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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