
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life Tactical Equity ETF Portfolio



Sun Life Tactical Equity ETF 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 or by writing to us at Sun Life Global Investments (Canada) Inc., 1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com.

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The Sun Life Tactical Equity ETF Portfolio (the "Fund") seeks capital appreciation by investing primarily in equity exchange traded funds and other equity mutual funds.

The Fund typically selects equity exchange-traded funds and other mutual funds with exposure to Canadian equity securities, U.S. equity securities and international equity securities.

Risk

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

Results of Operations

During the period, the net asset value of the Portfolio increased from \$3.2 million to \$9.3 million due to positive net sales, as well as positive performance.

During the period, the Portfolio returned 17.6% for Series A units, this result lagged the Portfolio's benchmark, which returned 21.8%. The broad-based index returned 21.2%. The performance returns for other series of this Portfolio 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 Manager was cautious despite the run up in markets. During the early part of the period, the Manager took a more defensive position and increased cash levels to mitigate risk. However, equity and fixed income markets rallied which negatively impacted performance. As the period progressed, the Manager began to lower the cash position in the Fund.

Contributors to Fund performance for the period included being overweight U.S. equities. U.S. markets climbed to highs after the U.S. Federal Reserve ("the Fed") said it would likely cut interest rates. The Fund's underweight position on emerging

market equities during the period also contributed positively to performance as emerging markets underperformed due to global trade tensions.

Recent Developments

The Canadian equity market ended the period in double-digit positive territory. The Canadian economy remained resilient despite the fact a federal election resulted in a minority Liberal government, the Bank of Canada (BoC) did not cut interest rates, and global trade tensions dominated world economies.

There were some positive developments later in the year. The U.S. and China agreed to a limited trade deal (phase one), which lowers some tariffs on China-imported goods and allows more access to U.S. farmers to sell goods in China. Also, U.K. Prime Minister Boris Johnson won a majority Conservative government that gives him a mandate to exit the European Union.

The U.S. equity market ended the year in double-digit positive territory. It was actually one of the best performing years in the past decade. Ironically, the year began with investors' concerns of a global economic slowdown resulting from the U.S.-China trade dispute and an inverted yield curve in the U.S. bond market. An inverted yield curve can sometimes be a signal of an upcoming recession.

Due to this economic uncertainty, the U.S. Federal Reserve (the "Fed") cut interest rates three times in the year. These rates cuts were looked upon as insurance cuts to keep the country's longest economic expansion running and also had a positive effect.

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.

Sun Life Tactical Equity ETF Portfolio

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the “Manager”) is the manager, trustee and portfolio manager of the Portfolio. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Portfolio. 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 Portfolio in its day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Portfolio.

As trustee, the Manager holds legal title to the Portfolio's investments in trust for unitholders.

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

Fund Administrative Expenses

The Manager pays certain operating expenses of the Portfolio (the “Administration Expenses”) in return for a fixed administration fee paid to the Manager by the Portfolio (“Administration Fee”). The Administration Fee is based on the net asset value of each series of the Portfolio. 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 Portfolio's Statement of Comprehensive Income found in the annual financial statements.

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

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the previous five years or for the periods since inception to December 31, 2019.

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

Sun Life Tactical Equity ETF Portfolio - Series A

	2019 (\$)	2018 (\$)
Net asset value, beginning of period	9.56	10.00
Increase (decrease) from operations:		
Total revenue	0.50	0.23
Total expenses	(0.25)	(0.07)
Realized gains (losses) for the period	0.27	(0.03)
Unrealized gains (losses) for the period	0.72	(0.85)
Total increase (decrease) from operations⁽²⁾	1.24	(0.72)
Distributions:		
From income (excluding dividends)	(0.09)	(0.03)
From dividends	(0.05)	(0.05)
From capital gains	(0.05)	(0.02)
Return of capital	-	-
Total annual distributions⁽³⁾	(0.19)	(0.10)
Net asset value, end of period	11.05	9.56

Sun Life Tactical Equity ETF Portfolio - Series F

	2019 (\$)	2018 (\$)
Net asset value, beginning of period	9.58	10.00
Increase (decrease) from operations:		
Total revenue	0.50	0.51
Total expenses	(0.12)	(0.05)
Realized gains (losses) for the period	0.23	(0.01)
Unrealized gains (losses) for the period	0.71	(0.16)
Total increase (decrease) from operations⁽²⁾	1.32	0.29
Distributions:		
From income (excluding dividends)	(0.13)	(0.03)
From dividends	(0.08)	(0.05)
From capital gains	(0.05)	(0.02)
Return of capital	-	-
Total annual distributions⁽³⁾	(0.26)	(0.10)
Net asset value, end of period	11.15	9.58

Sun Life Tactical Equity ETF Portfolio

Sun Life Tactical Equity ETF Portfolio - Series I

	2019	2018
	(\$)	(\$)
Net asset value, beginning of period	9.59	10.00
Increase (decrease) from operations:		
Total revenue	0.37	0.52
Total expenses	(0.04)	(0.03)
Realized gains (losses) for the period	0.29	(0.01)
Unrealized gains (losses) for the period	1.26	0.26
Total increase (decrease) from operations⁽²⁾	1.88	0.74
Distributions:		
From income (excluding dividends)	(0.16)	(0.03)
From dividends	(0.09)	(0.05)
From capital gains	(0.05)	(0.02)
Return of capital	-	-
Total annual distributions⁽³⁾	(0.30)	(0.10)
Net asset value, end of period	11.19	9.59

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements.

⁽²⁾ Net Assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.

⁽³⁾ Distributions were paid in cash, reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data

Sun Life Tactical Equity ETF Portfolio - Series A

	2019	2018
Total net asset value (\$) ⁽¹⁾	2,924,175	159,138
Number of units outstanding ⁽¹⁾	264,560	16,638
Management expense ratio (%) ⁽²⁾	1.93	2.01
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.97	2.02
Trading expense ratio (%) ⁽³⁾	0.02	0.34
Portfolio turnover rate (%) ⁽⁴⁾	50.02	98.91
Net asset value per unit (\$) ⁽¹⁾	11.05	9.56

Sun Life Tactical Equity ETF Portfolio - Series F

	2019	2018
Total net asset value (\$) ⁽¹⁾	3,048,092	804,724
Number of units outstanding ⁽¹⁾	273,309	84,010
Management expense ratio (%) ⁽²⁾	0.75	0.81
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.79	0.83
Trading expense ratio (%) ⁽³⁾	0.02	0.34
Portfolio turnover rate (%) ⁽⁴⁾	50.02	98.91
Net asset value per unit (\$) ⁽¹⁾	11.15	9.58

Sun Life Tactical Equity ETF Portfolio - Series I

	2019	2018
Total net asset value (\$) ⁽¹⁾	3,371,228	2,266,449
Number of units outstanding ⁽¹⁾	301,222	236,299
Management expense ratio (%) ⁽²⁾	0.07	0.07
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.07	0.07
Trading expense ratio (%) ⁽³⁾	0.02	0.34
Portfolio turnover rate (%) ⁽⁴⁾	50.02	98.91
Net asset value per unit (\$) ⁽¹⁾	11.19	9.59

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

⁽²⁾ Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) including the Portfolio'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.

⁽³⁾ 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.

⁽⁴⁾ The Portfolio's portfolio turnover ratio indicates how actively the Portfolio's portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's portfolio turnover ratio in a year, the greater the trading costs payable by the Portfolio 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 Portfolio.

Management Fees

The maximum annual management fee paid by the Portfolio is a percentage of the average daily net asset value of each series of securities of the Portfolio 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 Portfolio, 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 (%) ^(*)	General Administration, Investment Advice and Profit (%)
Series A Units	1.55	68	32
Series F Units	0.55	—	100
Series I Units ^(†)	—	—	—

^(*) Includes sales and trailing commissions.

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

Sun Life Tactical Equity ETF Portfolio

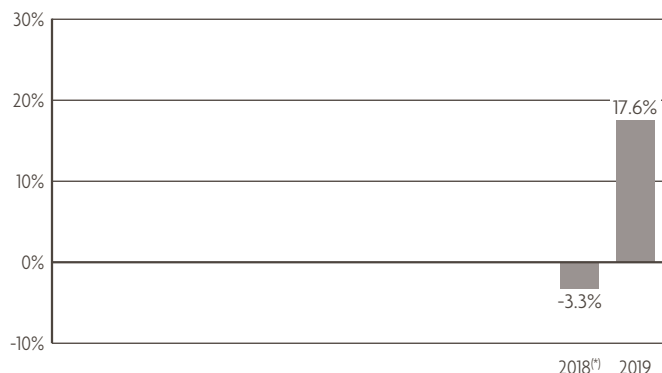
Past Performance

The performance information shown assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional securities of the Portfolio. 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 Portfolio 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 Portfolio'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



^(*) for the period of October 19, 2018 to December 31, 2018.

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



^(*) for the period of October 19, 2018 to December 31, 2018.

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



^(*) for the period of October 19, 2018 to December 31, 2018.

Annual Compound Returns

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

The benchmark (the "Benchmark") is composed of:
 31.5% S&P/TSX Capped Composite Index
 68.5% MSCI World Index C\$

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

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

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾
Series A	17.6%	N/A	N/A	N/A	11.4%
Series F	19.1%	N/A	N/A	N/A	12.8%
Series I	19.7%	N/A	N/A	N/A	13.5%
Benchmark	21.8%	N/A	N/A	N/A	15.9%
Broad-based index	21.2%	11.3%	11.2%	11.8%	15.9%

⁽¹⁾ The performance start date for Series A units was October 19, 2018.

⁽²⁾ The performance start date for Series F units was October 19, 2018.

⁽³⁾ The performance start date for Series I units was October 19, 2018.

INDEX DESCRIPTION(S)

The S&P/TSX Capped Composite Index imposes capped weights of 10% on all of the constituents included in the S&P/TSX Composite. The S&P/TSX Composite 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 World Index is a free float adjusted market capitalization index that is designed to measure global developed market equity performance.

Sun Life Tactical Equity ETF Portfolio

Summary of Investment Portfolio*

as at December 31, 2019

Top 25 Investments

Holding Name [†]	Percentage of Net Asset Value of the Fund (%)
1 iShares Core S&P 500 ETF	29.1
2 Sun Life BlackRock Canadian Composite Equity Fund, Series I	23.1
3 SPDR Portfolio Developed World ex-US ETF	20.5
4 iShares Core MSCI Emerging Markets ETF	7.4
5 Cash and Cash Equivalents**	4.5
6 Sun Life Granite Tactical Completion Fund, Series I	4.3
7 Schwab International Small-Cap Equity ETF	3.2
8 Vanguard Small-Cap ETF	3.1
9 Vanguard REIT ETF	2.5
10 Vanguard Global ex-U.S. Real Estate ETF	2.3
	100.0
Total Net Asset Value ('000's)	\$ 9,343

Asset Allocation

	Percentage of Net Asset Value of the Fund %
Equity	91.2
Fixed Income	4.3
Cash and Cash Equivalents**	4.5
	100.0

^(*) All information is as at December 31, 2019. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Unless otherwise noted positions are long. You may obtain quarterly updates to these holdings free of charge by calling us at 1-877-344-1434, visiting our website at www.sunlifeglobalinvestments.com or by sending an email to us at info@sunlifeglobalinvestments.com.

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

^(†) 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.

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 Tactical Equity ETF Portfolio

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at www.sunlifeglobalinvestments.com or www.sedar.com.

Sun Life Global Investments (Canada) Inc.
1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



I L L U M I N A T I N G