
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended March 31, 2019

SUN LIFE EXCEL CHINA FUND



SUN LIFE EXCEL CHINA FUND

This semi-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 semi-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, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com. All of the financial information is calculated based on the pricing Net Asset Valuation for the investment fund, unless otherwise stated.

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

Results of Operations

During the period, the net asset value of the Sun Life Excel China Fund (the "Fund") decreased from \$25.5 million to \$24.5 million due to net redemptions, partially offset by positive performance in the period.

During the period, the Fund returned 3.1% for Series A units. This result lagged the Fund's benchmark, the MSCI China Total Return Index C\$, returned 8.6%. 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.

The Fund's underperformance versus the benchmark can be primarily attributed to security selection, and to a lesser extent, sector allocation. The Fund's overweight in the Consumer Discretionary and Consumer Staples sectors and underweight in Communication Services, Industrials, Energy, Healthcare, Information Technology, Materials, and Real Estate sectors contributed negatively to performance. This was partially offset by overweight in Financials and Utilities sectors. The cash allocation also contributed negatively to the Fund's relative performance. Security selection in the Energy, and Real Estate sectors contributed positively to performance, but it was more than offset by security selection within the Consumer Discretionary, Financials, Health Care, Industrials, and Materials sectors all of which were detractors.

The top individual contributors for the Fund over the period includes an overweight in Tal Education Group and WH Group. Tal Education Group is a leading education and technology enterprise in China. The company was one of the largest contributors to the Fund's performance as it recovered from a negative education policy reform that was enacted earlier in 2018. The Sub-Advisor believes the company would continue to be a beneficiary of increasing education spending in China. WH Group is the largest pork company in the world listed in Hong Kong. The company benefited from the lack of domestic hog supply within China and was a large contributor to the Fund's performance. The Sub-Advisor believe the company will continue to benefit from the lack of pork supply in China. The top individual detractors included an underweight in Tencent Holdings and Alibaba Group relative to the benchmark. Tencent

Holdings is an internet-based technology and cultural enterprise in China. Tencent benefited from the resumption of game license issuance, however the Fund was underweight in the company compared to the benchmark. Based in China, Alibaba Group provides internet infrastructure, e-commerce, online financial, and internet content service. The company benefited from positive development in the U.S.-China trade talks, however the Fund was underweight the company compared to the benchmark, resulting it to be one of the largest relative detractors.

The Sub-Advisor's conservative market view and the resulting defensive positioning also detracted from performance. The Sub-Advisor did not anticipate that the various monetary stimulus policies would be successful to sustain a market rally, which it did. Amid the bullish trend, two types of sector trends stood out: blue-chip stocks in consumers, technology, and insurance with stable earnings growth; and stocks in automobile, securities companies, education, and health care that have reversed from poor fundamentals and negative policy decisions. The Fund takes the former type of stocks as long-term core holdings, while holding certain stocks in the latter to enhance performance.

Recent Developments

Chinese markets were volatile during the fourth quarter of 2018. They were negatively affected by domestic deleveraging and sustained trade tensions. Both onshore and offshore markets experienced downturn during the fourth quarter, but saw reversal towards the first quarter of 2019.

During the reporting period, amidst the uncertainty between the U.S.-China trade talks, economic data remained sluggish, with the Purchasing Managers' Index (PMI) dropping below 50. An Index reading below 50 usually indicates a sign of an economic contraction. Subsequently, the data improved due to positive signs from the trade talk and monetary stimulation policies. The People's Bank of China (PBoC) cut the Reserve Requirement Ratio (RRR) to provide more liquidity to the real economy. It also reduced personal income taxes through tax reforms and cut the value added tax (VAT). The Sub-Advisor expected the actions to stimulate the economy.

SUN LIFE EXCEL CHINA FUND

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the “Manager”) is the manager, trustee and portfolio manager of the Fund.

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. 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.

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. The Manager has retained China Asset Management Company Limited to act as a sub-advisor for 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 a Fund administrative expense in the Fund's Statement of Comprehensive Income found in the semi-annual financial statements (unaudited).

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. The Fund Costs that are specific to a series of units are allocated to that series. These amounts are paid out of the assets attributed to each series of units 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 from the date of inception to March 31, 2019.

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

Sun Life Excel China Fund - Series A

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|---------------|-------------|-------------|-------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Net asset value, beginning of period | 3.87 | 3.92 | 3.22 | 2.80 | 2.54 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | - | 0.06 | 0.06 | 0.06 | 0.06 |
| Total expenses | (0.07) | (0.17) | (0.13) | (0.11) | (0.13) |
| Realized gains (losses) for the period | 0.05 | 0.91 | 0.41 | 0.17 | 0.45 |
| Unrealized gains (losses) for the period | 0.13 | (0.81) | 0.33 | 0.28 | (0.02) |
| Total increase (decrease) from operations⁽²⁾ | 0.11 | (0.01) | 0.67 | 0.40 | 0.36 |
| Distributions: | | | | | |
| From income (excluding dividends) | - | - | - | - | - |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | - | - | - |
| Return of capital | - | - | - | - | - |
| Total annual distributions⁽³⁾ | - | - | - | - | - |
| Net asset value, end of period | 3.99 | 3.87 | 3.92 | 3.22 | 2.80 |

Sun Life Excel China Fund - Series F

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Net asset value, beginning of period | 14.59 | 14.58 | 11.85 | 10.16 | 9.13 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.01 | 0.22 | 0.24 | 0.23 | 0.25 |
| Total expenses | (0.17) | (0.44) | (0.32) | (0.28) | (0.34) |
| Realized gains (losses) for the period | 0.17 | 3.88 | 1.41 | 0.65 | 1.68 |
| Unrealized gains (losses) for the period | 0.46 | (3.25) | 1.39 | 1.36 | (0.60) |
| Total increase (decrease) from operations⁽²⁾ | 0.47 | 0.41 | 2.72 | 1.96 | 0.99 |
| Distributions: | | | | | |
| From income (excluding dividends) | - | - | - | - | - |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | - | - | - |
| Return of capital | - | - | - | - | - |
| Total annual distributions⁽³⁾ | - | - | - | - | - |
| Net asset value, end of period | 15.13 | 14.59 | 14.58 | 11.85 | 10.16 |

SUN LIFE EXCEL CHINA FUND

Sun Life Excel China Fund - Series I

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Net asset value, beginning of period | 35.62 | 35.03 | 28.07 | 23.73 | 21.05 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.03 | 0.30 | 0.53 | 0.45 | 0.55 |
| Total expenses | (0.02) | (0.54) | (0.31) | (0.31) | (0.46) |
| Realized gains (losses) for the period | 0.49 | 12.26 | 3.57 | 1.54 | 3.60 |
| Unrealized gains (losses) for the period | 1.15 | (2.17) | 2.94 | 1.44 | (0.90) |
| Total increase (decrease) from operations⁽²⁾ | 1.65 | 9.85 | 6.73 | 3.12 | 2.79 |
| Distributions: | | | | | |
| From income (excluding dividends) | - | - | - | - | - |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | - | - | - |
| Return of capital | - | - | - | - | - |
| Total annual distributions⁽³⁾ | - | - | - | - | - |
| Net asset value, end of period | 37.27 | 35.62 | 35.03 | 28.07 | 23.73 |

⁽¹⁾ This information is derived from the Fund's audited annual financial statements and from the semi-annual unaudited financial statements for the current period ended March 31, 2019.

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

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

Ratios and Supplemental Data

Sun Life Excel China Fund - Series A

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|
| Total net asset value (\$ (000's) ⁽¹⁾ | 22,269 | 23,140 | 27,369 | 25,045 | 25,965 |
| Number of units outstanding (000's) ⁽¹⁾ | 5,577 | 5,973 | 6,985 | 7,722 | 9,284 |
| Management expense ratio (%) ⁽²⁾ | 3.05 | 3.27 | 3.62 | 3.76 | 3.54 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 3.05 | 3.27 | 3.62 | 3.76 | 3.54 |
| Trading expense ratio (%) ⁽³⁾ | 0.81 | 0.61 | 0.49 | 0.47 | 0.57 |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 109.39 | 174.50 | 123.64 | 159.94 | 118.13 |
| Net asset value per unit (\$) ⁽¹⁾ | 3.99 | 3.87 | 3.92 | 3.22 | 2.80 |

Sun Life Excel China Fund - Series F

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|
| Total net asset value (\$ (000's) ⁽¹⁾ | 2,266 | 2,381 | 3,544 | 1,563 | 1,175 |
| Number of units outstanding (000's) ⁽¹⁾ | 150 | 163 | 243 | 132 | 116 |
| Management expense ratio (%) ⁽²⁾ | 1.89 | 2.09 | 2.48 | 2.62 | 2.42 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 1.89 | 2.09 | 2.48 | 2.62 | 2.42 |
| Trading expense ratio (%) ⁽³⁾ | 0.81 | 0.61 | 0.49 | 0.47 | 0.57 |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 109.39 | 174.50 | 123.64 | 159.94 | 118.13 |
| Net asset value per unit (\$) ⁽¹⁾ | 15.13 | 14.59 | 14.58 | 11.85 | 10.16 |

Sun Life Excel China Fund - Series I

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|
| Total net asset value (\$ (000's) ⁽¹⁾ | 9 | 8 | 16,631 | 15,545 | 19,984 |
| Number of units outstanding (000's) ⁽¹⁾ | - | - | 475 | 554 | 842 |
| Management expense ratio (%) ⁽²⁾ | 0.04 | 0.73 | 1.02 | 1.26 | 1.09 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 0.04 | 0.73 | 1.02 | 1.26 | 1.09 |
| Trading expense ratio (%) ⁽³⁾ | 0.81 | 0.61 | 0.49 | 0.47 | 0.57 |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 109.39 | 174.50 | 123.64 | 159.94 | 118.13 |
| Net asset value per unit (\$) ⁽¹⁾ | 37.27 | 35.62 | 35.03 | 28.07 | 23.73 |

⁽¹⁾ This information is provided as at September 30 of the period shown, except for the most recent semi-annual period, which is at March 31, 2019.

⁽²⁾ 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.

⁽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 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.

⁽⁵⁾ Percentages are annualized.

Management Fees

The annual maximum management fee paid by the Fund is a percentage of the average daily net asset value of each series 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 (%) ⁽¹⁾ | General Administration, Investment Advice and Profit (%) |
| Series A Units | 2.50 | 35 | 65 |
| Series F Units | 1.50 | - | 100 |
| Series I Units | - | - | 100 |

⁽¹⁾ Includes sales and trailing commissions.

SUN LIFE EXCEL CHINA FUND

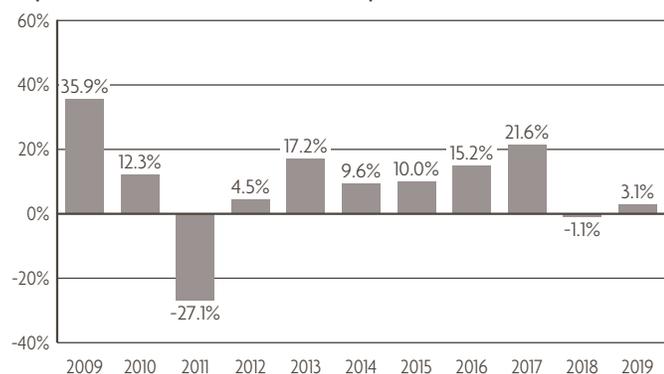
Past Performance

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

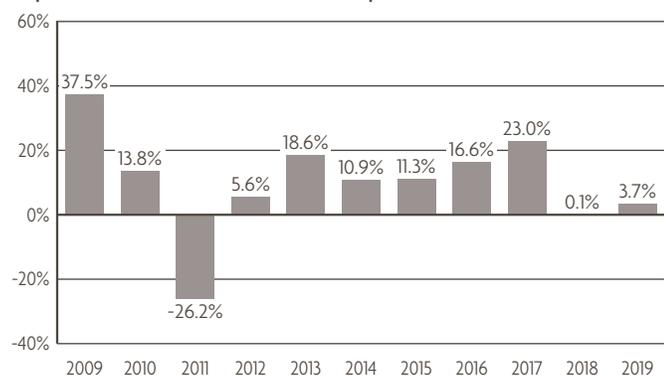
Year-by-Year Returns

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

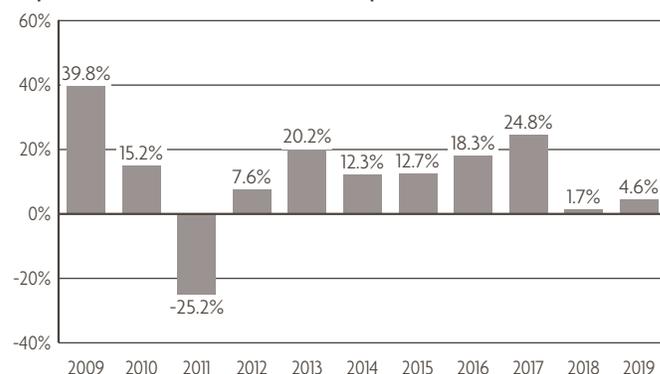
Series A Units – Annual Returns for the periods ended September 30 and the six-month period ended March 31, 2019



Series F Units – Annual Returns for the periods ended September 30 and the six-month period ended March 31, 2019



Series I Units – Annual Returns for the periods ended September 30 and the six-month period ended March 31, 2019



Summary of Investment Portfolio*

as at March 31, 2019

Top 25 Investments

| Holding Name | Percentage of Net Asset Value of the Fund (%) |
|---|---|
| 1 Tencent Holdings Ltd. | 10.6 |
| 2 Alibaba Group Holding Ltd. | 10.2 |
| 3 Cash & Cash Equivalents | 8.5 |
| 4 China Construction Bank Corp. | 5.0 |
| 5 Ping An Insurance Group Co. of China Ltd. | 4.7 |
| 6 Industrial & Commercial Bank of China Ltd. | 4.6 |
| 7 WH Group Ltd. | 3.3 |
| 8 TAL Education Group | 3.1 |
| 9 New China Life Insurance Co., Ltd. | 3.0 |
| 10 Baidu Inc. | 3.0 |
| 11 China Mobile Ltd. | 2.9 |
| 12 Hong Kong & China Gas Co., Ltd. | 2.5 |
| 13 China Vanke Co., Ltd. | 2.2 |
| 14 Shenzhou International Group Holdings Ltd. | 2.2 |
| 15 CNOOC Ltd. | 2.1 |
| 16 Shenzhen Expressway Co., Ltd. | 2.0 |
| 17 Bilibili Inc. | 1.9 |
| 18 Huaneng Power International Inc. | 1.8 |
| 19 China Unicom Hong Kong Ltd. | 1.6 |
| 20 NetEase Inc. | 1.4 |
| 21 Shanghai Junshi Biosciences Co., Ltd. | 1.4 |
| 22 AviChina Industry & Technology Co., Ltd. | 1.4 |
| 23 China Petroleum & Chemical Corp. | 1.2 |
| 24 China Southern Airlines Co., Ltd. | 1.1 |
| 25 PetroChina Co., Ltd. | 1.1 |
| | 82.8 |

SUN LIFE EXCEL CHINA FUND

Sector Allocation

| | Percentage of Net Asset Value of the Fund % |
|----------------------------|---|
| Financials | 23.6 |
| Communication Services | 20.1 |
| Consumer Discretionary | 17.9 |
| Industrials | 7.5 |
| Other Assets (Liabilities) | 5.2 |
| Utilities | 4.9 |
| Energy | 4.4 |
| Health Care | 4.3 |
| Real Estate | 4.2 |
| Information Technology | 3.7 |
| Consumer Staples | 3.3 |
| Materials | 0.9 |
| | 100.0 |

Portfolio Region Allocation

| | Percentage of Net Asset Value of the Fund % |
|----------------------------|---|
| China | 55.7 |
| Hong Kong | 39.1 |
| Other Assets (Liabilities) | 5.2 |
| | 100.0 |

(*) All information is as at March 31, 2019. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. 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.

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.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

SUN LIFE EXCEL CHINA 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 or www.sedar.com.

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