

Sun Life Schroder Emerging Markets Fund

FUND REVIEW Q4, 2017

All currency references are in C\$ unless otherwise indicated; opinions and data as of December 31, 2017 unless otherwise indicated.

INVESTMENT OBJECTIVE

The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of companies with a connection to emerging markets.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

Schroder Investment Management
North America Inc.
New York, New York, U.S.A.

INCEPTION DATE

September 1, 2011

TOTAL ASSETS

\$390,143,069

BENCHMARK

MSCI Emerging Markets Index

PERFORMANCE SUMMARY

Opinions and data for "PERFORMANCE SUMMARY" provided by provided by Schroder Investment Management North America Inc.

Sun Life Schroder Emerging Markets Fund (Series I) returned 7.8% in the quarter, underperforming its benchmark by roughly 20 basis points.

Country allocation had a negative impact, particularly from underweights to India and South Africa, both of which outperformed. An overweight position in Russia also detracted, as the market lost value amid growing concern over Russian interference in the U.S. presidential election.

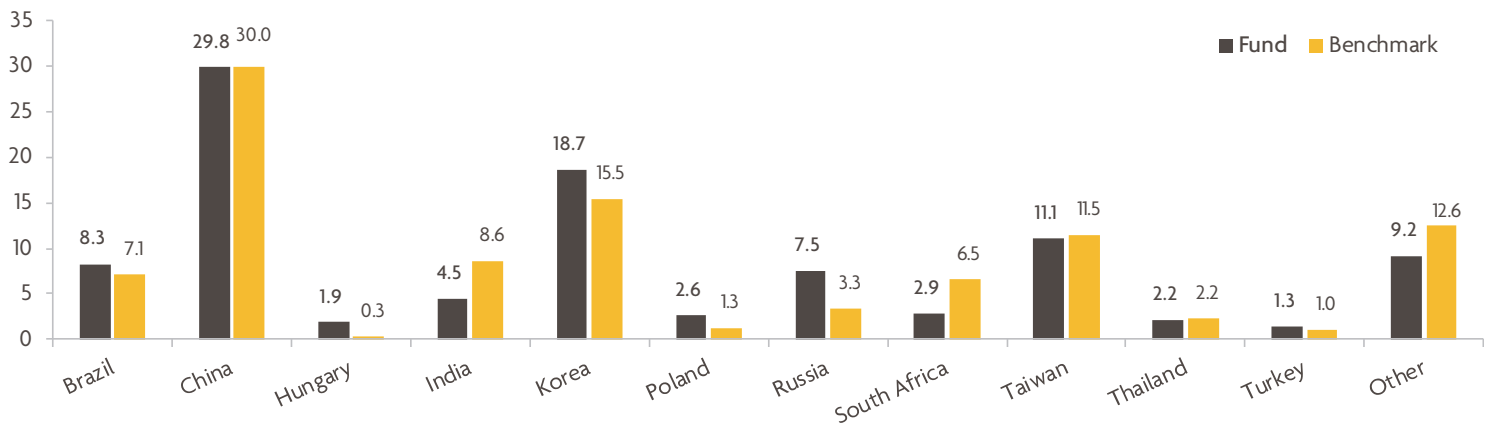
This was somewhat offset by the underweight to Mexico, which underperformed, and the overweight to South Korea, which outperformed. Mexican underperformance was largely due to peso weakness amid concerns over NAFTA renegotiations, while South Korea benefited from China's effort to reset relations.

Stock selection was positive overall. Chinese stock selection added the most value thanks to the overweight positions in Tencent (the internet service provider outperformed on solid monetisation of subscribers, particularly in gaming) and AIA Group (the insurance group posted strong results). An underweight to Baidu was also beneficial (the internet company underperformed on disappointing Q4 guidance).

Strong stock selection in South Africa and India also added value. In South Africa, a zero weighting in Steinhoff (the retailer collapsed due to accounting fraud) and overweight to Barclays Africa (the bank's shares rose alongside other domestic stocks) were positive, while in India the overweight to Maruti Suzuki (shares rose on strong auto sales) and Hindustan Unilever (shares for the consumer goods company rose on expected volume growth) also contributed to performance.

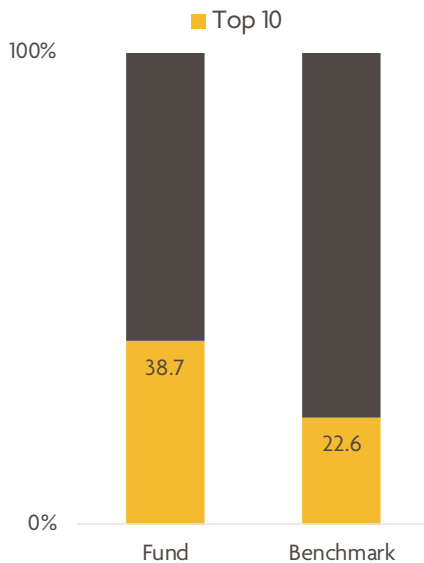
These positives were offset somewhat by negative stock selection in South Korea due to an underweight position in Celltrion (the biopharmaceutical's stock rose) and an overweight to NCSoft (shares of the videogame developer dropped on profit-taking).

GEOGRAPHIC ALLOCATION %



Source: Morningstar

HOLDINGS ANALYSIS



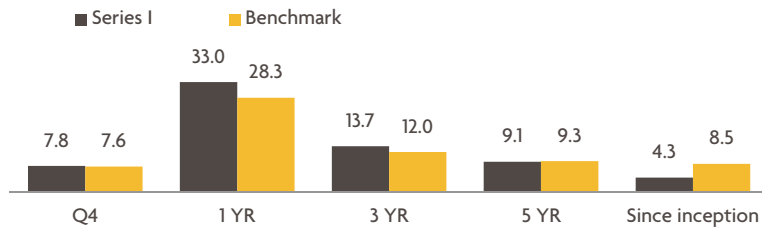
TOP 10 HOLDINGS

	FUND %	BENCHMARK %	+ / -
TENCENT HOLDINGS LTD	7.16	5.45	1.71
SAMSUNG ELECTRONICS CO LTD	7.09	4.27	2.82
TAIWAN SEMICONDUCT	5.19	3.50	1.69
ALIBABA GROUP HOLDING LTD	5.14	3.66	1.48
CHINA CONST	3.47	1.43	2.04
SBERBANK-SPONSORED	2.72	0.78	1.94
LUKOIL PJSC	2.19	0.00	2.19
AIA GROUP LTD	2.01	0.38	1.63
NASPERS LIMITED	1.95	2.25	-0.30
HON HAI PRECISION	1.79	0.92	0.87
Top 10 holdings % of net assets	38.70	22.64	
Total # fund holdings	106		

Holdings may change at any time without notice.

Source: Morningstar.

PERFORMANCE %



Data as of December 31, 2017. Series I inception date September 1, 2011. Returns for periods longer than one year are annualized. Since inception returns for the benchmark as at the fund's inception date.

Portfolio performance refers to the Sun Life Schroder Emerging Markets Fund, on a gross of fees basis, and not the returns of the Sun Life Schroder Emerging Markets Segregated Fund. The Sun Life Schroder Emerging Markets Segregated Fund is a group segregated fund offered by Sun Life Assurance Company of Canada through its Group Retirement Services. It invests directly in Sun Life Schroder Emerging Markets Fund, a fund managed by Sun Life Global Investments (Canada) Inc. Group Retirement Services provided by Sun Life Assurance Company of Canada. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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On August 28, 2013, Tradewinds Global Advisors LLC was replaced with Schroder Investment Management North America Inc. as sub-advisor to the fund. The fund was renamed Sun Life Schroder Emerging Markets Fund.

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