

# Sun Life Excel Emerging Markets Fund

## FUND REVIEW | Q2 2018

INVESTMENT PROFESSIONAL USE ONLY.

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and Morningstar; opinions and data as of June 30, 2018.

### CATEGORY<sup>1</sup>

Emerging markets equity

### 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

\$643,505,412

### BENCHMARK

MSCI Emerging Markets Index

### PERFORMANCE SUMMARY

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

Sun Life Excel Emerging Markets Fund (Series A) returned 5.8% in the second quarter, outperforming its benchmark by 0.3 percentage points.

Country allocation was negative overall, while stock selection had a positive impact on relative performance. Underweights to India and Mexico, which outperformed, detracted from relative performance, as did the overweight to Hungary and the off-benchmark position in Argentina, both of which underperformed.

These negatives in country allocation were partially offset by underweights to Indonesia and Malaysia, which underperformed. Both markets are exposed to global liquidity owing to high foreign ownership of the bond market. Concerns over the direction of government policy also weighed on sentiment in both markets.

Stock selection was positive overall. Chinese stock selection added the most value due to overweight positions in Iqiyi (the online video platform saw strong growth leading up to a post IPO rally), CNOOC (the crude oil and natural gas producer benefited from the rise in oil prices) and Sinopec (the oil company posted strong results). Brazilian stock selection also added value due to the underweight position in Ambev (the beverage company underperformed due to low growth) and overweight to Telefonica Brasil (the defensive stock outperformed in a declining market).

Positive stock selections were offset somewhat by negative selections in Korea mainly due to the underweight to SK Hynix (the memory semiconductor supplier benefited from the expectation that DRAM prices will remain high in 2018) and the overweight to NCsoft (the video game developer declined due to delays in the release of new game).

<sup>1</sup>Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

PERFORMANCE<sup>2</sup>

## SERIES A

ROLLING % <sup>2</sup>	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Fund	-5.83	-2.09	9.54	7.40	8.52	1.31
Benchmark	-6.09	-2.00	9.60	7.45	9.75	7.49
+ / -	0.26	-0.09	-0.05	-0.06	-1.23	-6.18

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011 <sup>3</sup>
Fund	-2.09	29.24	4.58	2.13	2.07	-2.75	-7.08	-12.31
Benchmark	-2.00	28.26	7.34	2.04	6.63	3.93	15.61	-7.11
+ / -	-0.09	0.97	-2.76	0.09	-4.55	-6.68	-22.68	-5.20

RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.71	0.93	11.33	1.24	92.51	96.41
Benchmark	0.79	1.00	11.81	1.42	100.00	100.00

## SERIES F

ROLLING % <sup>2</sup>	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Fund	-5.58	-1.59	10.71	8.57	9.67	2.38
Benchmark	-6.09	-2.00	9.60	7.45	9.75	7.49
+ / -	0.51	0.41	1.12	1.11	-0.09	-5.11

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011 <sup>3</sup>
Fund	-1.59	30.63	5.77	3.20	3.09	-1.77	-6.07	-12.02
Benchmark	-2.00	28.26	7.34	2.04	6.63	3.93	15.61	-7.11
+ / -	0.41	2.37	-1.57	1.16	-3.54	-5.70	-21.67	-4.91

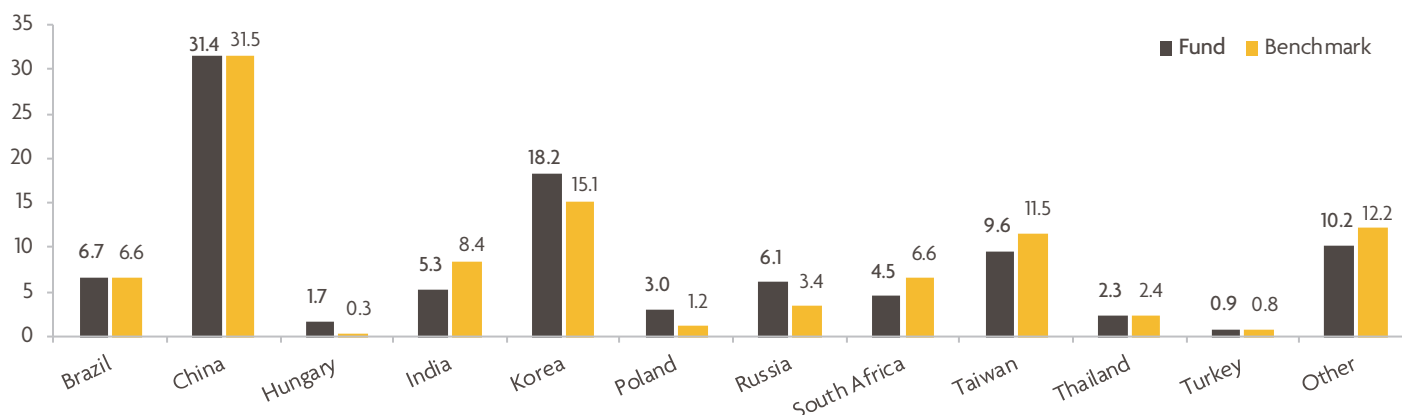
RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.81	0.93	11.33	1.44	95.42	92.67
Benchmark	0.79	1.00	11.81	1.42	100.00	100.00

<sup>2</sup>Returns for periods longer than one year are annualized. Series A securities of the fund are available for purchase to all investors, while Series F securities are only available to investors in an eligible fee-based or wrap program with their registered dealer. While Series A and Series F securities have the same reference portfolio, any difference in performance between these series is due primarily to differences in management fees and operating fees. The management fee for Series A securities includes the trailing commission, while Series F securities does not. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

<sup>3</sup>Partial calendar year. Returns are for the period from the fund's inception date of September 1, 2011 to December 31, 2011.

<sup>4</sup>Data based on 5-year period ending June 30, 2018.

## GEOGRAPHIC BREAKDOWN (%)



Source: Schroder Investment Management

## ATTRIBUTION ANALYSIS | GEOGRAPHIC (SERIES F)

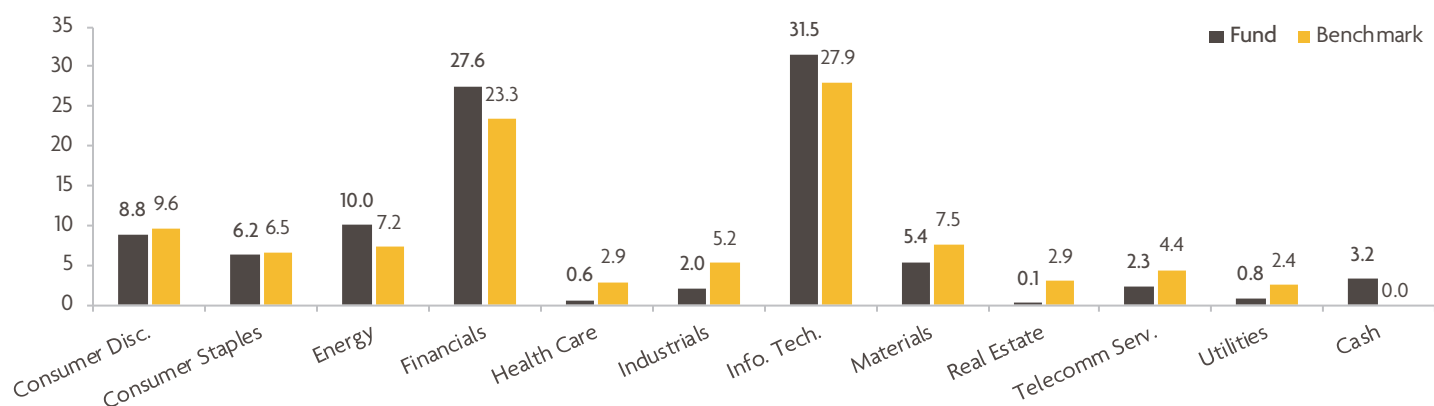
COUNTRY	COUNTRY WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Brazil	6.69	6.61	0.08	-22.33	-24.89	2.57
China	31.42	31.49	-0.07	2.45	-1.56	4.01
Hungary	1.65	0.30	1.36	-12.38	-12.66	0.28
India	5.31	8.38	-3.07	9.16	1.42	7.74
Korea	18.18	15.13	3.05	-8.68	-7.31	-1.38
Poland	3.02	1.18	1.84	-15.13	-9.84	-5.29
Russia	6.12	3.38	2.74	-9.11	-4.13	-4.97
South Africa	4.54	6.56	-2.02	-10.73	-10.09	-0.64
Taiwan	9.64	11.54	-1.90	-4.48	-4.42	-0.06
Thailand	2.33	2.36	-0.03	-9.87	-13.40	3.53
Turkey	0.87	0.83	0.04	-21.03	-24.40	3.37
Other	10.23	12.24	-2.01	-	-	-

COUNTRY	SECURITY SELECTION %	COUNTRY ALLOCATION %	TOTAL %
Brazil	0.19	0.01	0.20
China	1.21	0.06	1.27
Hungary	0.00	-0.09	-0.09
India	0.40	-0.23	0.17
Korea	-0.29	-0.12	-0.40
Poland	-0.18	-0.06	-0.24
Russia	-0.30	-0.03	-0.33
South Africa	-0.03	0.06	0.03
Taiwan	0.00	-0.04	-0.04
Thailand	0.09	-0.01	0.09
Turkey	0.03	-0.03	0.00
Other	0.12	0.01	0.12

Attribution analysis measures the effect of active management on fund performance relative to the benchmark. For example, "security selection" quantifies the manager's contribution to relative performance, either positive or negative, as decisions are made about which securities to hold, and whether to overweight or underweight those securities relative to the benchmark. "Security selection" and "country allocation" values may not reconcile with the "total" value across rows due to rounding or other effects.

Source: Schroder Investment Management

## SECTOR BREAKDOWN (%)



Source: Schroder Investment Management

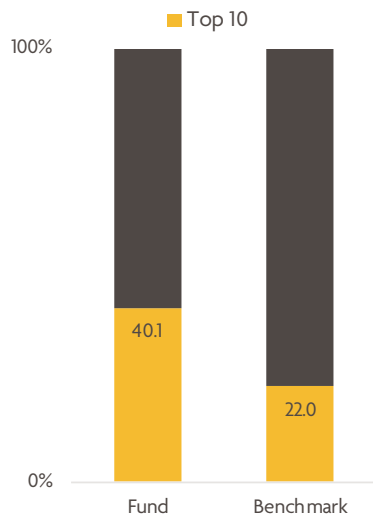
## ATTRIBUTION ANALYSIS | SECTOR (SERIES F)

SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	8.78	9.59	-0.81	-3.54	-5.24	1.70
Consumer Staples	6.19	6.50	-0.32	-0.45	-4.30	3.85
Energy	10.02	7.23	2.79	2.31	-2.78	5.08
Financials	27.56	23.33	4.23	-9.66	-10.94	1.28
Health Care	0.61	2.89	-2.28	-5.46	-3.12	-2.34
Industrials	2.05	5.21	-3.16	-12.32	-9.35	-2.96
Information Technology	31.46	27.91	3.55	-3.34	-3.16	-0.19
Materials	5.39	7.54	-2.15	-7.61	-3.54	-4.07
Real Estate	0.14	2.93	-2.79	-8.76	-9.41	0.65
Telecomm Services	2.32	4.42	-2.10	-12.50	-7.87	-4.63
Utilities	0.82	2.43	-1.61	-24.48	-6.34	-18.14
Cash	3.19	0.00	3.19	0.25	0.00	0.25

SECTOR	SECURITY SELECTION %	SECTOR ALLOCATION %	TOTAL %
Consumer Discretionary	0.15	-0.01	0.14
Consumer Staples	0.25	-0.02	0.23
Energy	0.50	0.04	0.54
Financials	0.36	-0.22	0.14
Health Care	-0.02	-0.06	-0.09
Industrials	-0.07	0.11	0.04
Information Technology	-0.06	0.09	0.03
Materials	-0.21	-0.05	-0.26
Real Estate	0.00	0.09	0.09
Telecomm Services	-0.12	0.05	-0.06
Utilities	-0.17	0.01	-0.16
Cash	0.00	0.26	0.26

Source: Schroder Investment Management

## HOLDINGS ANALYSIS



TOP 10 HOLDINGS	FUND %	BENCHMARK %	+ / -
TENCENT HOLDINGS LTD	7.16	5.46	1.71
SAMSUNG ELECTRONICS CO LTD	6.97	3.84	3.13
ALIBABA GROUP HOLDING LT	5.51	4.09	1.42
TAIWAN SEMICONDUCTOR	4.71	3.34	1.38
CHINA CONST BK	3.83	1.69	2.13
LUKOIL PJSC - ADR	2.65	0.00	2.65
SBERBANK-SPONSORED ADR	2.39	0.72	1.67
CHINA PETROLEUM & CNYIHSHS	2.35	0.43	1.92
AIA GROUP LTD	2.31	0.35	1.97
NASPERS LIMITED	2.25	2.13	0.12
<b>Top 10 holdings % of net assets</b>	<b>40.14</b>	<b>22.05</b>	
<b>Total # fund holdings</b>	<b>104</b>		

Holdings may change at any time without notice.

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 security holder 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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