

Sun Life Excel India Balanced 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 RBC; opinions and data as of June 30, 2018.

CATEGORY¹

Global equity balanced

INVESTMENT OBJECTIVE

To provide monthly cash distributions and long-term capital appreciation through exposure to an actively-managed, diversified portfolio comprised primarily of publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India. The Fund invests in these securities through a "fund-of-fund" arrangement by investing in the Growth & Income Class of Excel Funds Mauritius Company Ltd.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

Aditya Birla Sun Life Asset Management Company Pte. Ltd., Singapore

INCEPTION DATE

April 22, 2016

TOTAL ASSETS

\$63,581,724

BENCHMARK

60% MSCI India Index

40% CRISIL Composite Bond Fund Index

PERFORMANCE SUMMARY

Sun Life Excel India Balanced Fund (Series A) returned 0.3% in the second quarter, underperforming its benchmark by roughly 0.1 percentage point.

Throughout the quarter, the portfolio manager continued to prefer equities over fixed income securities, allocating 72.0% to equities and 25.2% allocation to fixed income securities (in India). The equity component of the fund has approximately 82% allocated to large-cap equities and 18% is allocated to mid-cap equities.

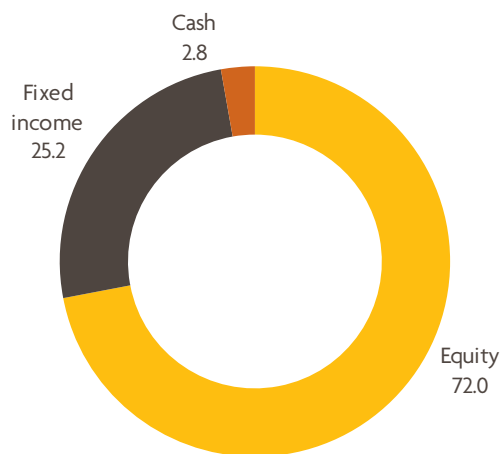
The fixed income component has a 29.2% allocation to sovereign securities, a 35.1% allocation in AAA securities and 35.3% in AA+ securities. The fund is underweight in government securities and instead is focused more on AAA and AA Indian securities. The fund holds high quality names with a yield-to-maturity of 8.6% and is underweight in duration compared to the benchmark.

A key trend in Indian equities in the first half of 2018 has been the divergence in performance between small and mid-cap versus large-cap securities. Year-to-date, small and mid-cap securities have posted negative returns, while large-cap indices have risen to record-high levels in local currency. This divergence in returns has been fueled by changes in small and mid-cap sector valuations, which soared throughout 2016 and 2017 and outperformed large-cap indices by a significant margin. Historically in India, small and mid-cap securities have traded at valuations below those of large-caps. However, rising trade tensions and a global risk-off environment gave way to valuation concerns. As a result, investors began moving out of small and mid-cap securities and flocked toward large-caps, which are considered more defensive and stable, culminating in the dispersion in returns between the two sectors.

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

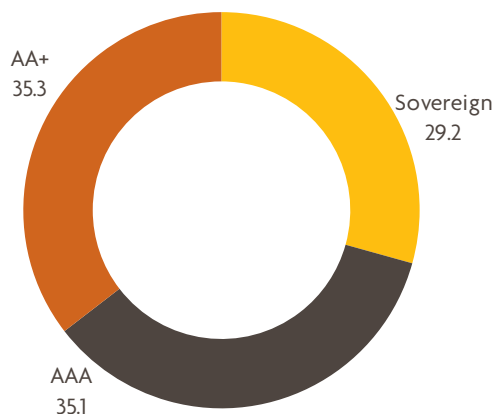
FUND DETAILS

ASSET ALLOCATION



Source: Aditya Birla Sun Life Asset Management

BREAKDOWN BY CREDIT QUALITY (FIXED INCOME PORTION)

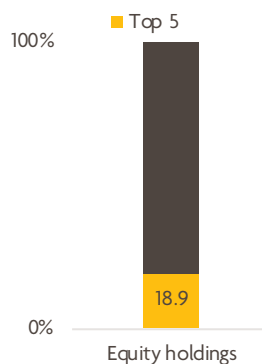


Source: Aditya Birla Sun Life Asset Management

HOLDINGS ANALYSIS

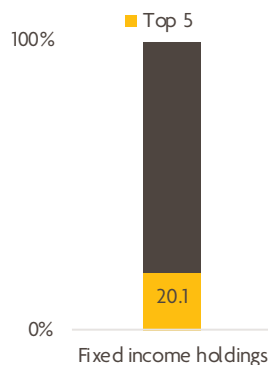
EQUITY | TOP 5 HOLDINGS

	FUND %
MARUTI SUZUKI	4.30
INFOSYS LTD	4.30
HDFC	3.50
RELIANCE IND	3.50
TCS	3.30
Top 5 equity holdings % of net assets	18.90
Total # equity holdings	44

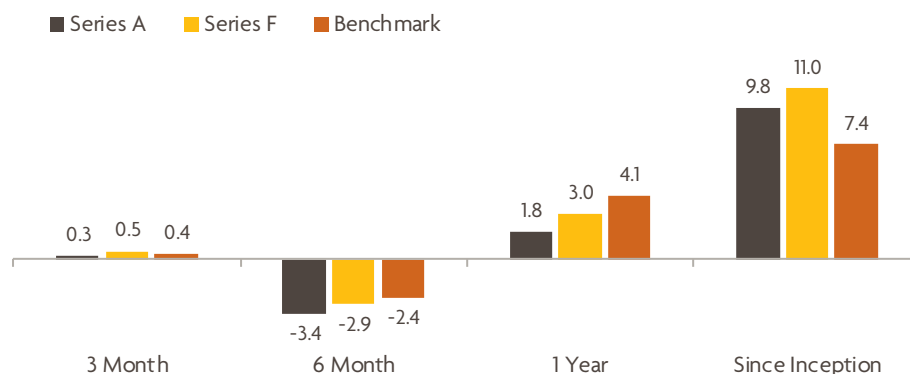


FIXED INCOME | TOP 5 HOLDINGS

	FUND %
NHAIIN 7.27 06/06/22	4.70
SHFTIN 0 09/20/19	4.70
IHFLIN 9.8 09/09/18	4.30
MAHARA 7.42 05/11/22	3.20
GUJARA 7.64 11/08/27	3.20
Top 5 fixed income holdings % of net assets	20.10
Total # fixed income holdings	8



Source: Aditya Birla Sun Life Asset Management

PERFORMANCE (%)²

PORTFOLIO RETURNS % (SERIES A)

	3 MONTH	6 MONTH	1 YEAR	SINCE INCEPTION ³
Fund	0.27	-3.42	1.83	9.79
Benchmark*	0.40	-2.40	4.10	7.40
+ / -	-0.13	-1.02	-2.27	2.39

Data as of June 30, 2018.

*On June 15, 2018, the benchmark for this fund changed from 60% SENSEX Index to 60% MSCI India Index (the 40% CRISIL Composite Bond Fund Index remains unchanged). The MSCI India Index is used as the benchmark for all historical benchmark calculations.

²Returns 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. ³Partial calendar year. Returns are for the period from the fund's inception date of April 22, 2016 to December 31, 2016.

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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