

Sun Life Excel India Balanced Fund

FUND REVIEW | Q3 2018

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and RBC; opinions and data as of September 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

\$55,473,650

BENCHMARK

65% MSCI India Index
35% CRISIL Composite Bond Fund Index

PERFORMANCE SUMMARY

Sun Life Excel India Balanced Fund (Series A) returned -7.8% in the quarter, underperforming its benchmark by 3.1 percentage points.

The rupee continued to sell-off near the end of the quarter, becoming one of the key factors influencing the market. The Reserve Bank of India has raised interest rates both to slow the Indian rupee's fall and to help stem the rise in inflation. As well, the fluctuation in currency values and global commodity prices buffeted the Indian market.

Within the equity component, the manager increased allocations to large-cap equities, while reducing the weighting to more volatile small- and mid-cap stocks.

On the fixed income side, the fund has a 28.9% allocation to sovereign securities, a 34.9% allocation in AAA securities and 36.2% in AA+ securities. Further, the fund's bond portfolio has an overall duration of 2.76 years, versus the benchmark duration of 5.05 years.

Key contributors

- An overweight position in the consumer discretionary sector contributed to performance.
- Underweight allocation to telecommunications companies with the sector delivering negative returns.

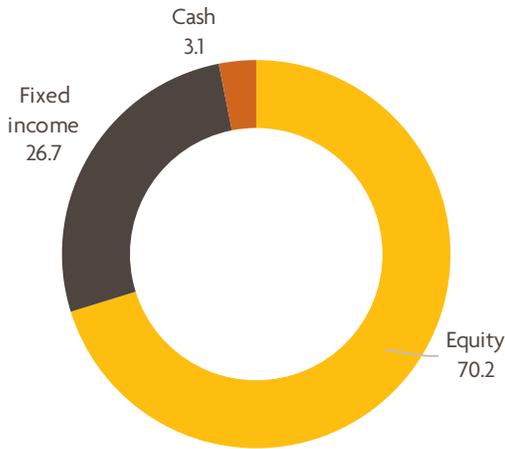
Key detractors

- The fund was overweight financial equities, which fell over concerns surrounding the liquidity of non-banking financial companies. Private banks also faced price volatility when the Reserve Bank of India intervened to support the sector.
- An underweight allocation to energy detracted from relative performance when the price of oil increased throughout the quarter.

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

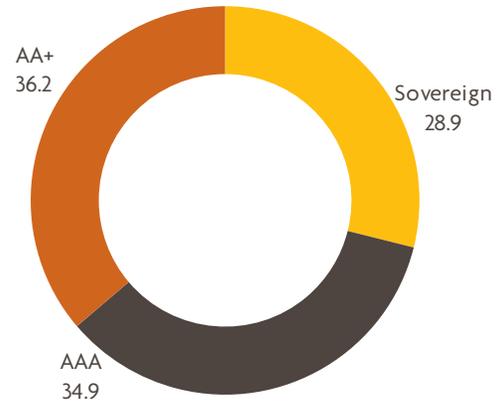
FUND DETAILS

ASSET ALLOCATION



Source: Aditya Birla Sun Life Asset Management

BREAKDOWN BY CREDIT QUALITY (FIXED INCOME PORTION)

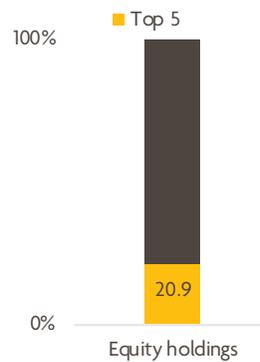


Source: Aditya Birla Sun Life Asset Management

HOLDINGS ANALYSIS

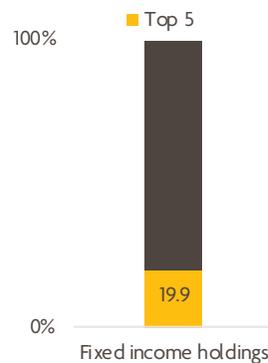
EQUITY | TOP 5 HOLDINGS

	FUND %
Reliance Industries	6.0
Infosys	4.9
HDFC Bank	3.5
Housing Development Finance Co	3.4
Maruti Suzuki India	3.1
Top 5 equity holdings % of net assets	20.9
Total # equity holdings	46



FIXED INCOME | TOP 5 HOLDINGS

	FUND %
NHAIIN 7.27 06/06/22	5.0
SHFTIN 0 09/20/19	4.9
MAHARA 7.42 05/11/22	3.4
GUJARA 7.64 11/08/27	3.3
IHFLIN 8.75 02/21/20	3.3
Top 5 fixed income holdings % of net assets	19.9
Total # fixed income holdings	7



Source: Aditya Birla Sun Life Asset Management

PERFORMANCE (%)²

PORTFOLIO RETURNS % (SERIES A)

	3 MONTH	6 MONTH	1 YEAR	SINCE INCEPTION ³
Fund	-7.80	-7.55	-3.82	5.14
Benchmark*	-4.70	-5.00	0.90	4.50
+ / -	-3.10	-2.55	-4.72	0.64

Data as of September 30, 2018.

*On June 15, 2018, the benchmark for this fund changed from 65% SENSEX Index to 65% MSCI India Index (the 35% 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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