

Sun Life Excel India 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

Geographic equity

INVESTMENT OBJECTIVE

To seek long-term superior growth of capital. The Fund will invest its assets primarily in equity securities of companies located in India through a "fund-of-fund" arrangement with India Excel (Mauritius) Fund.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

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

INCEPTION DATE

Series A: April 14, 1998

Series F: January 4, 2005

TOTAL ASSETS

\$339,798,464

BENCHMARK

MSCI India Index

PERFORMANCE SUMMARY

Sun Life Excel India Fund (Series A) returned 0.6% in the second quarter, underperforming its benchmark by roughly 0.8 percentage points.

During the quarter, the fund maintained an overweight in the financials and industrials sectors, however the portfolio manager began reducing the overweight position in industrials. In the financials sector, the fund invests in private retail banks and non-banking financial services companies, and does not have any exposure to public banks. The portfolio remained underweight in energy and information technology.

The fund has approximately 23% exposure to mid-cap stocks, which was reduced by 100-120 bps during the quarter and exposure to large-cap stocks was increased. The fund also has about 36% in off-benchmark holdings, however, overlap with the benchmark was increased during the quarter as investors moved to large-cap holdings during the risk-off environment.

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).

PERFORMANCE

SERIES A

ANNUAL COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Fund	0.59	-5.02	6.51	10.25	18.87	9.45	11.43
Benchmark*	1.42	-2.90	7.85	7.19	13.91	7.95	10.37
+ / -	-0.83	-2.12	-1.33	3.06	4.97	1.50	1.06

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011
Fund	-5.02	35.54	-0.93	14.58	52.56	-1.77	15.52	-33.54
Benchmark*	-2.90	29.64	-4.84	12.59	35.03	2.62	23.18	-35.61
+ / -	-2.12	5.90	3.91	1.99	17.53	-4.39	-7.66	2.07

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.93	1.03	19.93	1.67	109.00	92.34
Benchmark*	0.75	1.00	18.89	1.31	100.00	100.00

SERIES F

ANNUAL COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Fund	0.88	-4.52	7.67	11.47	20.25	10.66	10.38
Benchmark*	1.42	-2.90	7.85	7.19	13.91	7.95	10.40
+ / -	-0.54	-1.62	-0.18	4.28	6.34	2.71	-0.02

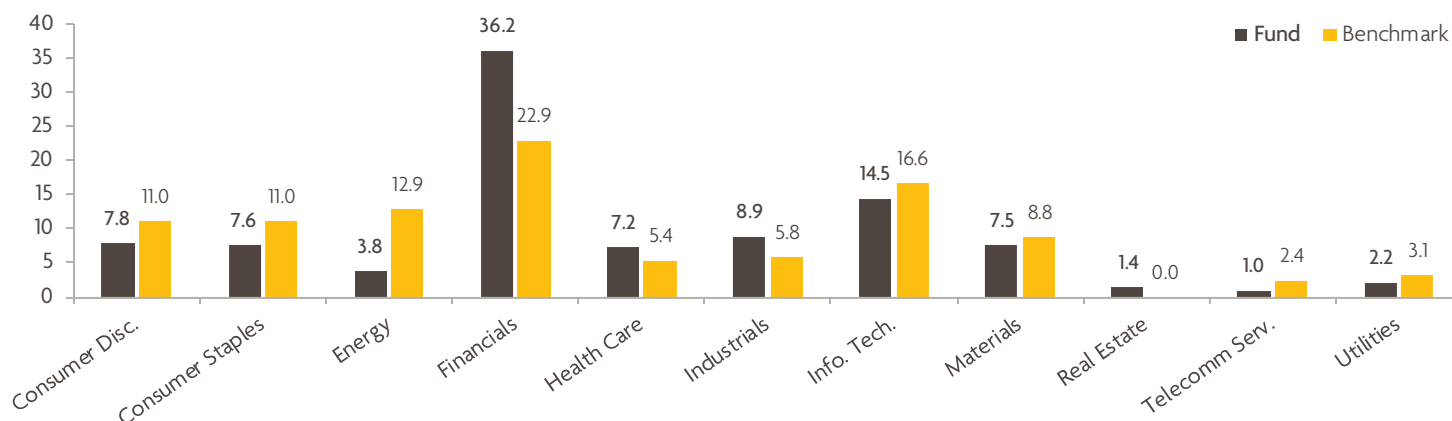
CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011
Fund	-4.52	37.08	0.12	15.94	54.19	-0.55	16.66	-32.74
Benchmark*	-2.90	29.64	-4.84	12.59	35.03	2.62	23.18	-35.61
+ / -	-1.62	7.44	4.96	3.35	19.16	-3.17	-6.51	2.87

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.99	1.03	19.94	1.80	111.24	89.94
Benchmark*	0.75	1.00	18.89	1.31	100.00	100.00

*On June 15, 2018, the benchmark was changed from the SENSEX Index to the MSCI India Index. The MSCI India Index is used as the benchmark for all historical 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. ³Data based on 5-year period ending June 30, 2018.

SECTOR BREAKDOWN (%)



Source: Citibank India

ATTRIBUTION ANALYSIS (SERIES F)

SECTOR	SECTOR WEIGHT		
	FUND %	BENCHMARK %*	+/-
Consumer Discretionary	7.8	11.0	-3.2
Consumer Staples	7.6	11.0	-3.4
Energy	3.8	12.9	-9.1
Financials	36.2	22.9	13.3
Health Care	7.2	5.4	1.8
Industrials	8.9	5.8	3.1
Information Technology	14.5	16.6	-2.1
Materials	7.5	8.8	-1.3
Real Estate	1.4	0.0	1.4
Telecomm Services	1.0	2.4	-1.4
Utilities	2.2	3.1	-0.9

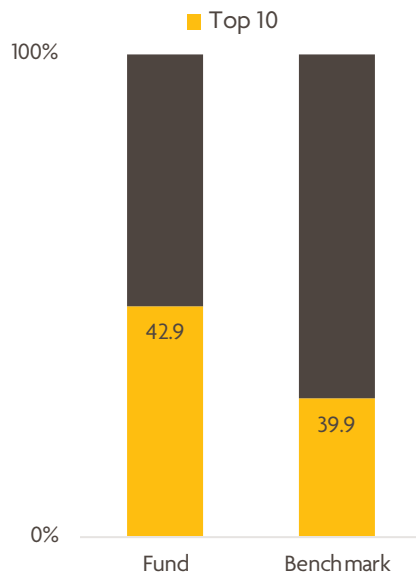
SECTOR	SECURITY	SECTOR	TOTAL %
	SELECTION %	ALLOCATION %	
Consumer Discretionary	0.39	0.07	0.46
Consumer Staples	0.05	-0.23	-0.18
Energy	-0.59	-0.38	-0.97
Financials	1.55	-0.18	1.38
Health Care	-0.03	0.42	0.39
Industrials	0.42	-0.11	0.30
Information Technology	0.51	-1.28	-0.77
Materials	0.38	0.00	0.38
Real Estate	0.00	0.49	0.49
Telecomm Services	0.07	0.06	0.13
Utilities	-0.76	0.05	-0.70

Source: Citibank India

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.

*On June 15, 2018, the benchmark was changed from the SENSEX Index to the MSCI India Index. The MSCI India Index is used as the benchmark for all historical benchmark comparisons in this document.

HOLDINGS ANALYSIS



TOP 10 HOLDINGS

	FUND %	BENCHMARK %*	+ / -
INFOSYS	7.90	7.39	0.51
HOUSING DEVELOPMENT FINANCE CORP	5.70	9.75	-4.05
HDFC BANK	5.70	0.00	5.70
YES BANK	4.90	1.87	3.03
ICICI BANK	4.40	2.12	2.28
MARUTI SUZUKI INDIA	3.40	3.02	0.38
TATA CONSULTANCY SERVICES	3.00	5.49	-2.49
BAJAJ FINANCE	2.90	1.28	1.62
RELIANCE INDUSTRIES	2.80	8.96	-6.16
INDUSIND BANK	2.20	0.00	2.20
Top 10 holdings % of net assets	42.90	39.89	
Total # fund holdings	53		

Holdings may change at any time without notice.

Source: Aditya Birla Sun Life Asset Management

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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