

SUN LIFE GRANITE MANAGED PORTFOLIOS

Tactical update

MAY 2018 | Opinions as of June 7, 2018

The views expressed in this tactical update apply broadly to all Sun Life Granite Managed Portfolios, whereas the tactical highlights and allocation data in the chart below are specific to Sun Life Granite Balanced Portfolio. For the latest information about other Sun Life Granite Managed Portfolios, including Sun Life Granite Managed Income Portfolios, please refer to our quarterly fund reviews published at sunlifeglobalinvestments.com.

The U.S. economy continued to put up some impressive numbers, with the unemployment rate falling to 3.8%, its lowest level since the heady days of the dot-com boom in early 2000. We're expecting it to grow by close to 3% this year, and the U.S. economic stimulus program could help sustain growth in the months ahead.

With possible solid economic growth ahead, we are maintaining our overweight position in U.S. equities. We are now more constructive on REITs and infrastructure equities, which provide more defensive equity exposure and have added to our position but remain underweight.

We slightly reduced our overweight exposure to international equities. EU economic data has been weakening and we are closely following the fallout from the Italian elections following the installation of a euroskeptical government.

We believe economic growth in emerging markets will remain strong, and continue to hold a small overweight position. Looking ahead, we see a number of risks, including the U.S. trade dispute with China, which could trigger increased volatility. Nevertheless, we would likely be a buyer on a significant pullback.

Canada is the outlier, with the economy hindered on a number of fronts, including by reduced consumer spending and a slump in housing prices. The impasse over NAFTA and imposition of tariffs on aluminum and steel exports to the U.S. has also led to increased uncertainty and reduced capital spending. As a result, we continue to be underweight Canadian equities.

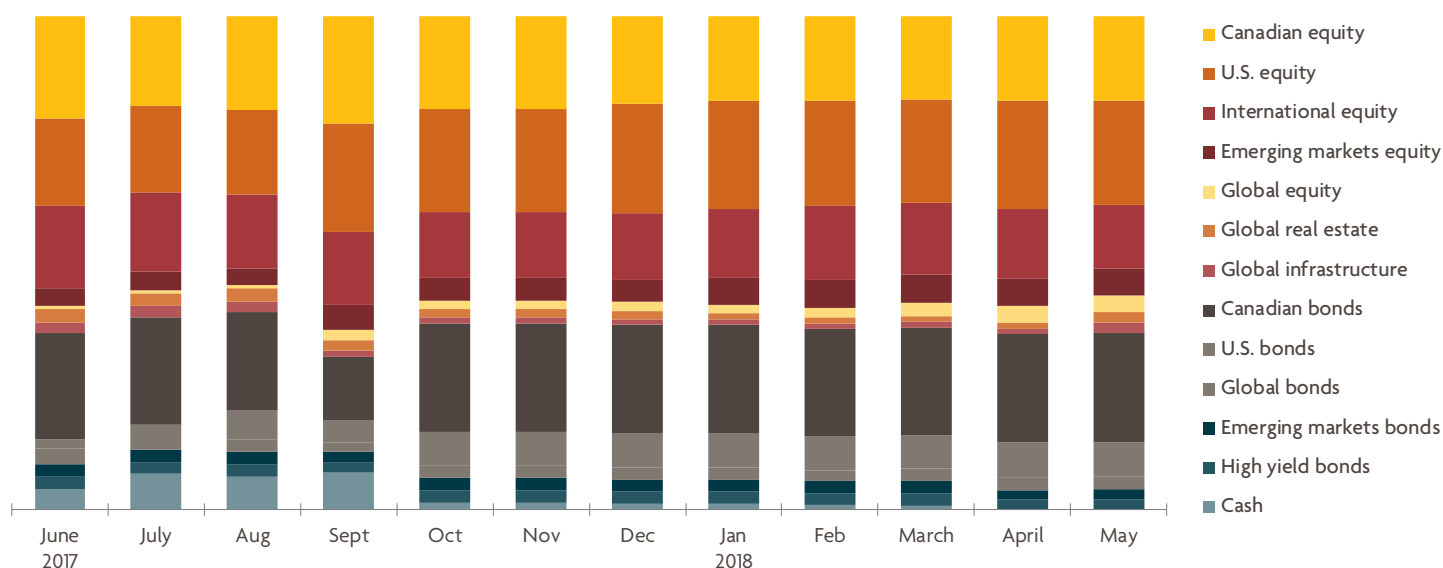
TACTICAL HIGHLIGHTS

CHANGE

RATIONALE

Continued to overweight U.S. equities	➤	Market should respond positively to ongoing economic growth
Implemented hedge to help reduce risk in emerging markets	➤	Trade talks between the U.S. and China may not be successful
Increased exposure to REITs and infrastructure equities.	➤	Constructive on the asset class for defensive equity exposure
Slightly reduced weighting in international equities	➤	On weakening EU economic data

TACTICAL ALLOCATIONS | SUN LIFE GRANITE BALANCED PORTFOLIO



Allocations are as of month-end and subject to change without notice.

Sun Life Granite Managed Portfolios invest in mutual funds and/or exchange traded funds (ETFs). Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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