

TACTICAL UPDATE

MAY 2017 - Opinions as of June 1, 2017

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.

Exposure to equities was increased in all the portfolios, which were positive for the month.

While there is growing controversy surrounding alleged links between U.S. President Donald Trump’s administration and a number of Russian officials, so far markets have keyed more on economic fundamentals. In fact, they appear to have brushed off the threat that Trump’s economic growth agenda could be pushed back – likely until next year. Even without economic stimulus, the U.S. posted solid job growth, which may prompt the U.S. Federal Reserve to raise rates one or possibly two times by the end of the year.

Canada’s economy grew by 3.7% in the first quarter, and we expect it to grow by 2.0% this year. If the Bank of Canada raises rates in 2018, it will have to move with caution given the overheated housing market and high consumer debt levels.

The eurozone economy, buoyed by the recent election of pro-European governments, has also been performing well. At the same time, stock valuations are cheaper than the U.S., making it a more attractive destination for investors.

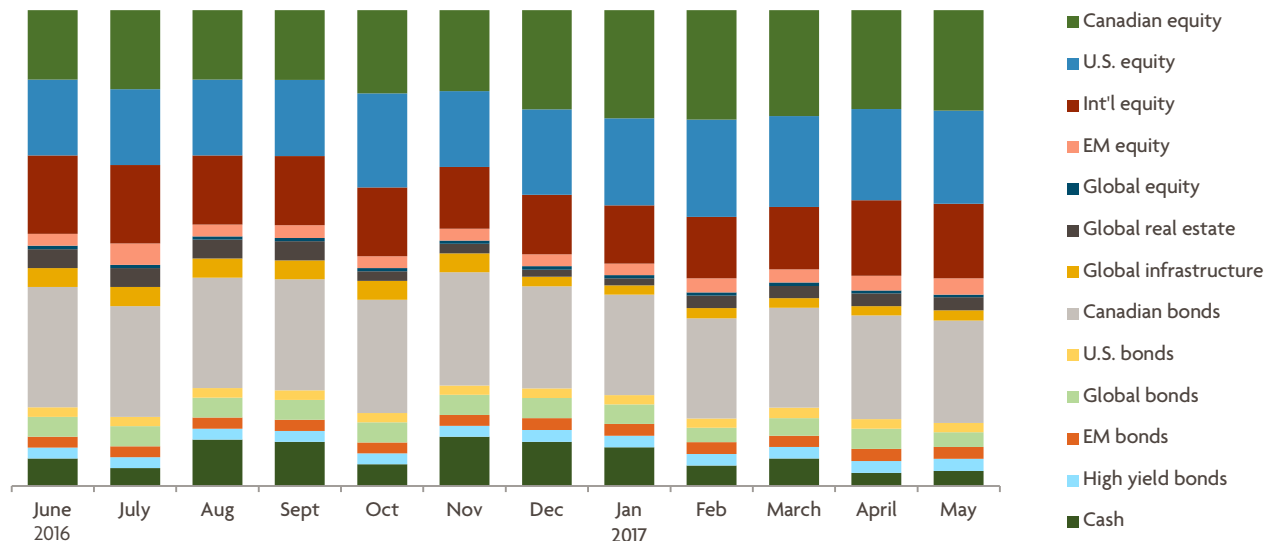
TACTICAL HIGHLIGHTS

CHANGE

RATIONALE

Reduced exposure to Canadian bonds	Took advantage of falling yields
Increased exposure to international equities	Improving confidence and better valuations
Increased exposure to Canadian energy and U.S. financials through options	Attractive valuations
Increased overall equity weighting	Positive over the medium term

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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