

TACTICAL UPDATE

JULY 2017 - Opinions as of July 31, 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.

Bond yields surged and the Canadian dollar rose in value in July. To add stability and yield potential, we added a mix of high quality U.S. bonds and increased our position in high yield bonds and emerging market debt in some of the portfolios.

Even without U.S. President Donald Trump's economic stimulus program in place, the U.S. economy may improve in the second half of the year. And while valuations are stretched we remain positive on U.S. equities, but initiated an options strategy to help hedge risk.

As the eurozone economy continues to improve we remain slightly bullish on European equities, which generally have lower valuations than their U.S. counterparts.

While we are neutral on the Canadian economy over the short term, rising personal debt levels, an uncertain housing market and potential changes to NAFTA pose longer-term threats.

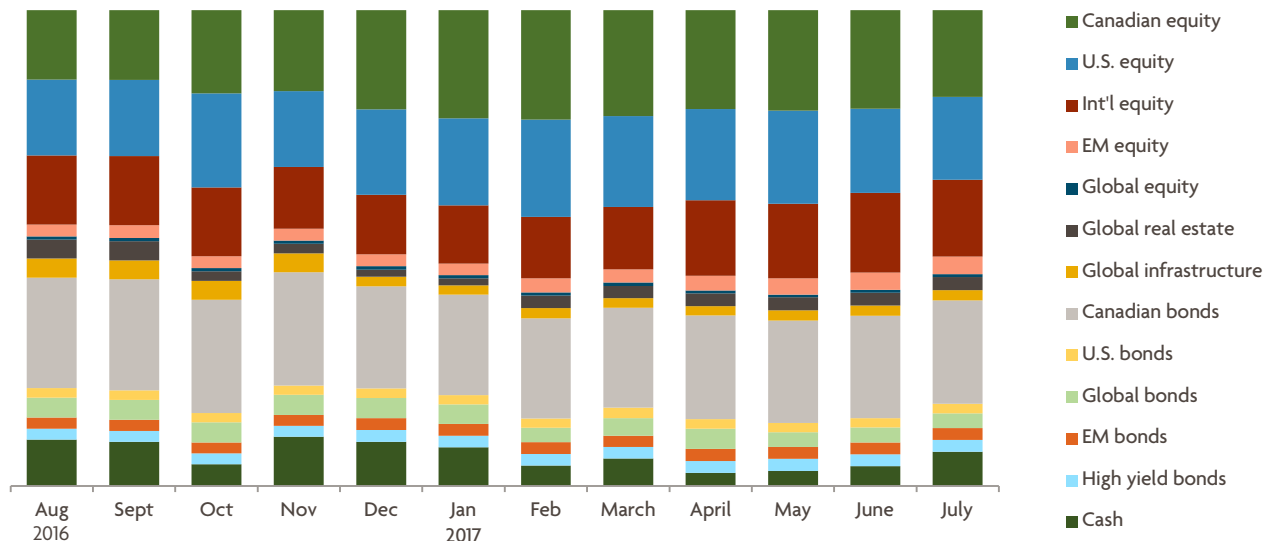
TACTICAL HIGHLIGHTS

CHANGE

RATIONALE

Reduced exposure to Canadian energy	Oil prices nearing our estimate of fair value
Used options to hedge risk in U.S. equities	Rising political turmoil surrounding President Trump
Reduced bond duration	Expect yields to slowly move higher
Slightly reduced international equity exposure	To mitigate some of the risk from a spike in volatility

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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