
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2017

Sun Life Granite Tactical Completion Fund



ILLUMINATING



Sun Life Granite Tactical Completion Fund

This semi-annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the semi-annual financial statements by calling 1-877-344-1434, by sending an email to us at info@sunlifegeglobalinvestments.com or by writing to us at Sun Life Global Investments (Canada) Inc., 1 York Street, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifegeglobalinvestments.com and on SEDAR at www.sedar.com. All of the financial information is calculated based on the pricing Net Asset Valuation for the investment fund, unless otherwise stated.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

During the period, the net asset value of the Sun Life Granite Tactical Completion Fund (the "Fund") decreased from \$554.6 million to \$502.1 million. The decrease in net asset value was attributable to net redemptions as well as negative performance during period.

During the period, the Fund returned -0.6% for Series I units. This result lagged the Fund's benchmark, 34% S&P/TSX 60 C\$, 33% S&P 500 C\$, 27% MSCI EAFE C\$, 6% MSCI EM C\$, which returned 5.8%. Please refer to the 'Past Performance' section of this report for more details.

While generally positive on equities elsewhere, Sun Life Global Investments (Canada) Inc. (the "Manager") moved from neutral to slightly bearish on Canadian markets. The Fund's returns were hindered by the overweight position in Canadian Energy when oil prices fell sharply as crude inventories increased in the period. The Manager is still overweight Canadian Energy, but expects to reduce exposure as oil prices recover. In addition, the Manager used an options strategy to slightly overweight Emerging Market equities, which surged over the last quarter of the period, but may reduce the weighting in the coming months.

Recent Developments

U.S. President Donald Trump took office in the first quarter of 2017 promising to deliver steep, across-the-board tax cuts and a massive economic stimulus program. The Manager believed Trump's economic agenda would be positive for the market and took a moderately bullish position in U.S. equities, which rallied following his election.

Global markets generally did well in the first quarter, with Emerging Market indexes among the strongest performers, which gained when protectionist trade policies proposed by Trump did not materialize. Still, risks remained in Emerging Markets and being selective was critically important.

The Manager continued to be cautious on international markets, due to potential political changes that could undermine the future of the European Union. This included a

number of key elections and the U.K.'s decision to start negotiating its withdrawal from the European Union.

The Manager was generally neutral on the Canadian economy but continued to overweight Financials as well as the Energy sector, believing they could benefit from a steepening yield curve and a moderate increase in oil prices.

In the second quarter, President Trump's economic agenda had yet to be implemented. While the market had priced in some of the assumed benefits of his stimulus program, it still appears to be months off and the market is giving less and less weight to the proposals.

However the Manager believes the U.S. economy will improve in the second half of the year, and shifted the investment bias from growth to value (such as Financials), which tend to outperform late in the economic cycle. With uncertainty about Trump's stimulus package, higher valuations and lower potential employment growth, the Manager was cautious on U.S. equities, but remained slightly bullish.

In Europe, political risk is fading, with improved economic growth and a highly-accommodative monetary policy. At the same time, European equities generally have better valuations than U.S. issues.

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the "Manager") is the manager, trustee and portfolio manager of the Fund.

The Manager is responsible for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Fund.

As trustee, the Manager holds legal title to the Fund's investments in trust for unitholders. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisor. The Manager has retained Sun Life

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Assurance Company of Canada, an affiliate, to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc., but Sun Life Assurance Company of Canada is a direct wholly owned subsidiary.

Fund Administrative Expenses

The Manager pays certain of the operating expenses of each Fund (the “Administration Expenses”) in return for a fixed administration fee paid to the Manager by each Fund (“Administration Fee”). The Administration Fee is based on the net asset value of each series of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as a fund administrative expense in the Fund’s Statement of Comprehensive Income found in the semi-annual financial statements (unaudited).

Each Fund also pays certain operating expenses directly (the “Fund Costs”). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund’s Independent Review Committee (“IRC”); taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. Each Fund allocates Fund Costs proportionately among its series of units. The Fund Costs that are specific to a series of units are allocated to that series. These amounts are paid out of the assets attributed to each series of units of the Fund, which reduces the return you may receive.

Series Description

The Fund offers Series I units only. The date of creation for Series I was February 11, 2016.

Series I units are special purpose securities that are currently only available to other mutual funds and eligible institutional investors. Series I units are not sold to the general public. Each Series I investor negotiates its own management and advisory fee that is paid directly to the Manager.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance from the date of inception to June 30, 2017.

The Fund’s Net Asset Value per Unit (\$) ⁽¹⁾ Sun Life Granite Tactical Completion Fund – Series I

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	10.22	10.00
Increase (decrease) from operations:		
Total revenue	0.03	0.04
Total expenses	(0.05)	(0.07)
Realized gains (losses) for the period	0.22	1.40
Unrealized gains (losses) for the period	(0.24)	0.05
Total increase (decrease) from operations⁽²⁾	(0.04)	1.42
Distributions:		
From income (excluding dividends)	–	0.44
From dividends	–	–
From capital gains	–	0.02
Return of capital	–	–
Total annual distributions⁽³⁾	–	0.41
Net asset value, end of period	10.15	10.22

⁽¹⁾ This information is derived from the Fund’s audited annual financial statements and from the semi-annual unaudited financial statements for the current period ended June 30, 2017.

⁽²⁾ Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash, reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

Sun Life Granite Tactical Completion Fund – Series I

	2017	2016
Total net asset value (\$) ⁽¹⁾	502,074,394	554,605,586
Number of units outstanding ⁽¹⁾	49,451,082	54,273,737
Management expense ratio (%) ⁽²⁾	0.06	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.06
Trading expense ratio (%) ⁽³⁾	–	–
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	169.55	485.81
Net asset value per unit (\$) ⁽¹⁾	10.15	10.22

⁽¹⁾ This information is provided as at December 31 of the period shown, except for the most recent semi-annual period, which is at June 30, 2017.

⁽²⁾ Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

⁽⁴⁾ The Fund’s portfolio turnover ratio indicates how actively the Fund’s portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund’s portfolio turnover ratio in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

⁽⁵⁾ Percentages are annualized.

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Management Fees

There is no management fee charged to the Fund.

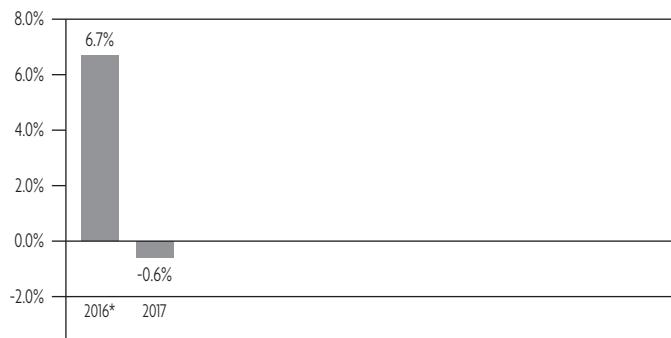
PAST PERFORMANCE

The indicated rates of return are the historical annualized and annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed. How a fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

Series I Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



* for the period of February 11, 2016 to December 31, 2016.

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at June 30, 2017 (unaudited)

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Cash	9.6
2 Canadian Treasury Bill, 0.70%, Oct 05, 2017	5.7
3 Canadian Treasury Bill, 0.51%, Jul 27, 2017	5.1
4 Canadian Treasury Bill, 0.52%, Sep 07, 2017	5.0
5 Canadian Treasury Bill, 0.51%, Sep 21, 2017	5.0
6 Canadian Treasury Bill, 0.53%, Aug 24, 2017	4.9
7 Canadian Treasury Bill, 0.52%, Aug 10, 2017	4.3
8 The Bank of Nova Scotia, 0.98%, Sep 25, 2017	4.3
9 Royal Bank of Canada, 1.07%, Apr 11, 2018	3.0
10 The Bank of Nova Scotia, 1.04%, Jun 27, 2018	3.0
11 Bank of Montreal, 0.69%, Jul 07, 2017	3.0
12 Royal Bank of Canada, 0.69%, Jul 07, 2017	3.0
13 Bank of Montreal, 0.95%, Sep 29, 2017	3.0
14 Canadian Imperial Bank of Commerce, 0.41%, Jul 31, 2017	2.9
15 Canadian Imperial Bank of Commerce, 0.72%, Jul 25, 2017	2.8
16 Canadian Treasury Bill, 0.51%, Jul 13, 2017	2.6
17 The Toronto-Dominion Bank, 0.72%, Aug 08, 2017	2.4
18 Bank of Montreal, 1.65%, Mar 29, 2018	2.0
19 The Toronto-Dominion Bank, 0.69%, Jul 18, 2017	2.0
20 National Bank of Canada, 0.77%, Jul 27, 2017	2.0
21 Prime Trust, 0.97%, Jul 21, 2017	2.0
22 National Bank of Canada, 0.96%, Sep 29, 2017	2.0
23 United States Treasury Bill, 0.88%, Aug 24, 2017	1.9
24 National Bank of Canada, 1.40%, Jun 14, 2018	1.9
25 United States Treasury Bill, 0.95%, Sep 21, 2017	1.8
	85.2
Total Net Asset Value (000's)	\$ 502,074

Asset Mix⁽³⁾

	Percentage of Net Asset Value of the Fund (%)
Canadian Short-Term Investments	72.3
Canadian Fixed Income	15.8
Cash and Cash Equivalents ⁽²⁾	9.7
U.S. Short-Term Investments	6.9
Purchased Options – Foreign Equities	0.4
Written Options – Foreign Equities	(5.1)
	100.0

⁽¹⁾ All information is as at June 30, 2017. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. You may obtain quarterly updates to these holdings free of charge by calling us at 1-877-344-1434, visiting our website at www.sunlifeglobalinvestments.com or by sending an email to us at info@sunlifeglobalinvestments.com.

⁽²⁾ Cash and Cash Equivalents, for the purpose of this chart, includes other assets less liabilities.

⁽³⁾ The Fund gains exposure to global equity markets through the notional value of derivatives based on the indexes listed.

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Forward-Looking Statements

This management report of fund performance may contain forward-looking statements about the Fund, including its strategy, results of operations, performance and condition. Forward-looking statements include statements that are predictive in nature, or that depend upon or refer to future events or conditions. They are based on current beliefs, expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and various economic factors. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, technological changes, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective", and similar expressions are intended to identify forward-looking statements.

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Sun Life Granite Tactical Completion Fund

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at www.sunlifeglobalinvestments.com or www.sedar.com.

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