



Independent Review Committee
2018 Report to Securityholders
Sun Life Global Investments Mutual Funds

December 31, 2018

Dear Investor:

This report to securityholders relates to the financial year ended December 31, 2018 of the investment funds listed in Schedule "A" (the "Funds") managed by Sun Life Global Investments (Canada) Inc. (the "Manager").

Securities regulators have given their Independent Review Committees a specific role to review mutual fund conflict of interest matters identified and referred to them by the fund manager and to give their approval or recommendation. A conflict of interest matter is a situation where a reasonable person would consider the Manager (or an entity related to it) to have an interest that may conflict with the ability of the Manager to act in good faith and in the best interests of the Funds. Our focus is on the question of whether the Manager's proposed action achieves a fair and reasonable result for the Funds.

Through good governance practices and with the assistance of the Manager, your Independent Review Committee continued to implement its succession planning process in 2018. On August 20, 2018, at the end of his term, Pierre-Yves Châtillon ceased to be a member of the Sun Life Global Investments Independent Review Committee and André Fok Kam was appointed to succeed him. Orientation was provided and the committee worked seamlessly through this transition.

We continued to meet with the Manager on a quarterly basis to receive the Manager's reports of compliance with its policies. We held four special meetings to consider conflict of interest matters referred to us by the Manager. We completed our annual assessment of the adequacy and effectiveness of the Manager's conflict of interest matter policies and procedures. We also assessed our effectiveness as an independent review committee, the effectiveness and contribution of each of our members, and the independence and compensation of our members.

The members of the committee bring to their roles a combination of educational and professional experience and skills to adequately address the scope of the conflict of interest matters that come before us. The industry information and ongoing continuing education provided to us by the Manager help us to maintain high standards and best practices in mutual fund governance.

We are pleased to publish this annual report to securityholders of the Funds.

A handwritten signature in black ink, appearing to read "N. Church". The signature is written in a cursive, flowing style.

Nancy E. Church
Chair of the Independent Review Committee

Members of your Independent Review Committee (“IRC”)

Name	Current Employment	Residence	First appointed
<i>Nancy Church*</i> <i>(Chair)</i>	Retired Lawyer	Brantford, Ontario	June 8, 2017
<i>Andrew Smith*</i>	Investments and Financial Services Consultant	Toronto, Ontario	August 18, 2010
<i>André Fok Kam</i>	Regulatory and Compliance Consultant	Montreal, Quebec	August 20, 2018

* From January 2, 2018 to July 13, 2018, were also members of the IRC for the investment funds managed by Excel Funds Management Inc. (the “**Excel Funds**”), an affiliate of the Manager

Holding of Securities

(a) Funds

As at December 31, 2018, the percentage of securities of each series of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent of that series.

(b) Manager

As at December 31, 2018, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Any person or company that provides services to the investment fund or the manager as at December 31, 2018

As at December 31, 2018, the percentage of securities of each class of voting or equity securities of any person or company that provides services to the Funds or the Manager beneficially owned, directly or indirectly, in aggregate by all members of the IRC was less than 0.001 per cent.

Compensation and Indemnities

The aggregate compensation paid by the Funds and the Excel Funds to the IRC as the independent review committee of the Funds for the year was \$139,744.04. Of this,

\$112,764.33 was paid by the Funds covered by this report. This compensation was in line with the Manager's recommendation. This amount was allocated among the Funds and other investment funds managed by SLGI in a manner that was considered by the Manager to be fair and reasonable to the Funds and the other investment funds.

No indemnities were paid to the members of the IRC by the Funds during the period.

At least annually, the IRC reviews its compensation giving consideration to the following:

1. the best interest of the Funds;
2. that each Fund must pay its reasonable allocation of the compensation of the members of your IRC from the assets of the Fund;
3. that compensation paid to your IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Fund;
4. the number, nature and complexity of the Funds for which your IRC acts; and
5. the nature and extent of the workload of each member of your IRC.

Conflict of Interest Matters

Except as set out in Schedule "B", the IRC is not aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendations or approval. The Manager has an obligation to notify the IRC of any such instances.

Approvals pursuant to Standing Instructions

The Manager received approval and relied on standing instructions with respect to the following activities. In each case, the standing instructions require the Manager to comply with its related policy and procedures and to report periodically to your IRC.

1. Allowing the Funds to purchase and hold securities of the related issuer, Sun Life Financial Inc.

Positive Recommendations pursuant to Standing Instructions

The Manager received positive recommendations and relied on standing instructions with respect to the conflict of interest matters addressed by the following policies. In each case, the standing instructions require the Manager to comply with its related policy and procedures and to report periodically to your IRC.

1. Personal Trading Policy, which restricts most personal trading by certain individuals employed by the Manager but allows those individuals to trade in certain securities for their own account subject to controls.

2. Allocation of Fees and Expenses Policy, which allows the Manager to charge expenses to the Funds, to allocate expenses between the Manager and the Funds and to allocate expenses among the Funds and other funds managed by the Manager or an affiliate, including expenses charged by related parties for services provided to the Manager and the Funds.
3. Brokerage Commission (Soft Dollar) Policy, which allows the Manager to obtain order execution for the Funds as well as certain additional goods and services (generally, research) for the benefit of its clients, including the Funds, using brokerage commissions paid by the Funds.
4. Trading Policy, which covers a number of different areas, including: (i) the best execution of trades; (ii) error correction, which directs the circumstances and manner in which the Manager will correct purchases and redemptions of securities of a Fund made based on an incorrect net asset value; and (iii) fair allocations of investment opportunities.
5. Standards of Fairness in Allocation of Trading Opportunities Policy, which requires the Manager to allocate trades fairly among clients, including the Funds, particularly where demand for a security exceeds supply.
6. Fund Asset Valuation Policy, which directs how a Fund's securities will be valued in order to obtain a fair and accurate net asset value of the Fund.
7. Proxy Voting Policy, which allows the Manager to exercise a Fund's proxies although the Manager, a client or an affiliate of the Manager may have an interest in the outcome of the vote.
8. Short-term or Excessive Trading and Late Trading Policy, which sets out the steps the Manager will take to monitor, detect and deter short-term trading and market timing and to prohibit late trading by securityholders in units or shares of the Funds.
9. Sub-Advisor Oversight Policy, which directs how the Manager monitors and manages sub-advisor conflicts of interest.

Positive Recommendations

The IRC provided positive recommendations for the following conflict of interest matters referred to the IRC by the Manager:

1. The planned mergers of the Sun Life MFS Canadian Equity Fund and Sun Life MFS Canadian Equity Value Fund (the "Terminating Funds") into the Sun Life MFS Canadian Equity Growth Fund. The Manager received unitholder approval for the merger which took place on June 15, 2018;

2. The transfer of investments of client name registered planholders in the Terminating Funds, into Sun Life Money Market Fund;
3. In order to facilitate a merger proposed by the Manager, the amendment of the investment objectives of the Sun Life MFS Canadian Equity Class to allow investment in the Sun Life MFS Canadian Equity Growth Fund. The change in investment objectives received unitholder approval and was effective on June 18, 2018; and
4. In connection with the planned termination of Sun Life Sionna Canadian Equity Small Cap Class, the transfer of investments of client name registered planholders in that Fund into Sun Life Money Market Fund on or about November 5, 2018.

Schedule “A”

Funds covered by this report

***As of December 31, 2018*

Sun Life BlackRock Canadian Equity Fund
Sun Life BlackRock Canadian Balanced Fund
Sun Life BlackRock Canadian Composite Equity Fund
Sun Life BlackRock Canadian Universe Bond Fund
Sun Life Dynamic American Value Fund
Sun Life Dynamic Energy Fund
Sun Life Dynamic Equity Income Fund
Sun Life Dynamic Strategic Yield Fund
Sun Life Granite Balanced Portfolio
Sun Life Granite Balanced Growth Portfolio
Sun Life Granite Conservative Portfolio
Sun Life Granite Growth Portfolio
Sun Life Granite Moderate Portfolio
Sun Life Granite Income Portfolio
Sun Life Granite Enhanced Income Portfolio
Sun Life Granite Tactical Completion Fund
Sun Life MFS Global Total Return Fund
Sun Life MFS Monthly Income Fund
Sun Life MFS Canadian Equity Growth Fund
Sun Life MFS Dividend Income Fund
Sun Life MFS Global Growth Fund
Sun Life MFS Global Value Fund
Sun Life MFS International Growth Fund
Sun Life MFS International Value Fund
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Value Fund
Sun Life MFS U.S. Equity Fund
Sun Life MFS Low Volatility International Equity Fund
Sun Life MFS Low Volatility Global Equity Fund
Sun Life MFS Canadian Bond Fund
Sun Life Milestone 2020 Fund
Sun Life Milestone 2025 Fund
Sun Life Milestone 2030 Fund
Sun Life Milestone 2035 Fund
Sun Life Multi-Strategy Bond Fund
Sun Life Milestone Global Equity Fund
Sun Life Money Market Fund
Sun Life NWQ Flexible Income Fund
Sun Life Excel Emerging Markets Fund
Sun Life Schroder Global Mid Cap Fund (formerly Sun Life Sentry Global Mid Cap Fund)
Sun Life Infrastructure Fund (formerly Sun Life Sentry Infrastructure Fund)
Sun Life Sentry Value Fund
Sun Life Templeton Global Bond Fund
Sun Life Multi-Strategy Target Return Fund
Sun Life BlackRock Canadian Balanced Class*
Sun Life BlackRock Canadian Composite Equity Class*
Sun Life BlackRock Canadian Equity Class*
Sun Life Dynamic Equity Income Class*
Sun Life Dynamic Strategic Yield Class*

Sun Life Franklin Bissett Canadian Equity Class*
Sun Life Granite Conservative Class*
Sun Life Granite Moderate Class*
Sun Life Granite Balanced Class*
Sun Life Granite Balanced Growth Class*
Sun Life Granite Growth Class*
Sun Life MFS Dividend Income Class*
Sun Life MFS U.S. Growth Class*
Sun Life MFS Global Growth Class*
Sun Life MFS International Growth Class*
Sun Life Money Market Class*
Sun Life Sentry Value Class*
Sun Life Trimark Canadian Class*
Sun Life Ryan Labs U.S. Core Fixed Income Fund
Sun Life JPMorgan International Equity Fund
Sun Life MFS Canadian Equity Growth Class
Sun Life Tactical Fixed Income ETF Portfolio
Sun Life Tactical Conservative ETF Portfolio
Sun Life Tactical Balanced ETF Portfolio
Sun Life Tactical Growth ETF Portfolio
Sun Life Tactical Equity ETF Portfolio

**each a class of shares of Sun Life Global Investments Corporate Class Inc., a mutual fund corporation.*

Schedule “B”

In April 2018 the Manager reported to the IRC that the Manager failed to file the report on related party transactions on March 28, 2018 with its annual financial statements for the 2017 fiscal year. By failing to file this report, the Manager did not meet a condition regarding investments in related party issuers imposed by securities legislation, a relief decision issued on April 8, 2011 and the standing instructions granted by the IRC. The Manager filed the report on related party transactions with the Ontario Securities Commission on April 4, 2018 after becoming aware of its error. None of the Funds were impacted as a result of the late filing. The Manager has assured the IRC that it has implemented additional training and education for its employees to prevent this type of oversight from occurring again. The IRC is of the opinion that the Manager has taken appropriate steps to deal with the matter.