



**Independent Review Committee
2018 Report to Securityholders
of the Excel Funds**

September 30, 2018

Dear Investor:

This report to securityholders relates to the period from January 2, 2018 to September 30, 2018 (the "Period") and the investments funds listed in Schedule "A" (the "Excel Funds") managed by Sun Life Global Investments (Canada) Inc.

Securities regulators have given 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 fund manager (or an entity related to it) to have an interest that may conflict with the ability of the fund manager to act in good faith and in the best interests of the Excel Funds. Our focus is on the question of whether the fund manager's proposed action achieves a fair and reasonable result for the Excel Funds.

On January 2, 2018, Excel Funds Management Inc., which at that time was the manager of the Excel Funds, and Excel Investment Counsel Inc. (together, "Excel") were acquired by Sun Life Global Investments (Canada) Inc.. On this change of control of the fund manager for the Excel Funds, James Simmonds, Mike Yanai and Silvia Cheung ceased to be members of the independent review committee for the Excel Funds. To fill the vacancies, Excel Funds Management Inc. appointed Nancy Church (Chair), Andrew Smith and Pierre-Yves Châtillon as members of the independent review committee for the Excel Funds (the "Excel Independent Review Committee").

On July 13, 2018, Sun Life Global Investments (Canada) Inc. became the fund manager (the "Manager") of the Excel Funds. On July 14, 2018, the independent review committee for the funds managed by Sun Life Global Investments (Canada) Inc. (the "Independent Review Committee") assumed the duties of the Excel Independent Review Committee. The same individuals served on both committees. On August 20, 2018, at the end of his term, Pierre-Yves Châtillon ceased to be a member of the Independent Review Committee and André Fok Kam was appointed to succeed him. Orientation was provided and the committee worked seamlessly through these transitions.

During the Period, the Excel Independent Review Committee held a special inaugural meeting, met with Excel and then with the Manager to receive quarterly reports of compliance with the fund managers' policies, and held two special meetings to consider conflict of interest matters referred to us by Excel. We completed our annual assessment of the adequacy and effectiveness of the Manager's conflict of interest matter policies and procedures. We also assessed 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 Excel Funds.

A handwritten signature in cursive script, appearing to read "Nancy E. Church".

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 (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

. * Appointed to the IRC for the Excel Funds as of January 2, 2018.

Holding of Securities

(a) ***Funds***

As at September 30, 2018, the percentage of securities of each series of the Excel 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 September 30, 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 September 30, 2018***

As at September 30, 2018, the percentage of securities of each class of voting or equity securities of any person or company that provides services to the Excel 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 Excel Funds to the IRC for the Period was \$18,174.86. This compensation was in line with the Manager's and Excel's recommendation. This amount was allocated among the Excel Funds in a manner that

was considered by the Manager and Excel to be fair and reasonable to the Excel Funds.

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

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

1. the best interests of the Excel Funds;
2. that each Excel Fund must pay its reasonable allocation of the compensation of the members of your IRC from the assets of the Excel Fund;
3. that compensation paid to your IRC by each Excel Fund should fairly and reasonably reflect the general and specific benefits accruing to the Excel Fund;
4. the number, nature and complexity of the Excel 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 Excel or the Manager acted in a conflict of interest matter during the Period but did not meet a condition imposed by the IRC in its recommendations. The fund manager has an obligation to notify the IRC of any such instances.

Positive Recommendations pursuant to Standing Instructions

The Manager received positive recommendations and relied on standing instructions during the Period 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 Excel Funds, to allocate expenses between the Manager and the Excel Funds and to allocate expenses among the Excel 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 Excel Funds.
3. Brokerage Commission (Soft Dollar) Policy, which allows the Manager to obtain order execution for the Excel Funds as well as certain additional goods and

services (generally, research) for the benefit of its clients, including the Excel Funds, using brokerage commissions paid by the Excel 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 Excel Fund units or shares 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 Excel Funds, particularly where demand for a security exceeds supply.
6. Fund Asset Valuation Policy, which directs how an Excel Fund's securities will be valued in order to obtain a fair and accurate net asset value of the Excel Fund.
7. Proxy Voting Policy, which allows the Manager to exercise an Excel 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 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 unitholders or shareholders in units or shares of the Excel 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 during the Period:

1. The planned merger of Excel Emerging Markets Fund and Excel Chindia Fund into Sun Life Schroder Emerging Markets Fund (known as Sun Life Excel Emerging Markets Fund effective June 15, 2018). The Manager received unitholder approval for the merger which took place on June 15, 2018;
2. The planned merger of Excel Money Market Fund into Sun Life Money Market Fund. The Manager did not receive unitholder approval for the merger and Excel Money Market Fund was subsequently terminated on June 15, 2018;
3. The implementation of an annual rate fixed administration fee effective as of June 18, 2018 for Sun Life Excel High Income Fund, Sun Life Excel India Fund, Sun Life Excel India Balanced Fund, Sun Life Excel New India Leaders Fund, Sun Life Excel Emerging Markets Balanced Fund and Sun Life Excel China Fund.

4. The transfer of investments of client name registered planholders in the terminating funds, Excel Emerging Markets Fund, Excel Chindia Fund, and Excel Money Market Fund, into Sun Life Money Market Fund.

Schedule “A”

Funds covered by this report

**As of September 30, 2018*

- Sun Life Excel High Income Fund (formerly Excel High Income Fund);
- Sun Life Excel Emerging Markets Balanced Fund (formerly Excel Emerging Markets Balanced Fund);
- Sun Life Excel India Fund (formerly Excel India Fund);
- Sun Life Excel New India Leaders Fund (formerly Excel New India Leaders Fund);
- Sun Life Excel India Balanced Fund (formerly Excel India Balanced Fund);
- Sun Life Excel China Fund (formerly Excel China Fund);
- New Leaders Class;
- Growth & Income Class;

Schedule “B”

In February 2018, the Manager reported to the IRC that from January 2, 2018 to January 22, 2018, Excel did not meet a condition imposed by the IRC in its recommendation standing instruction dated January 8, 2018 for the charging of short-term trading fees. On January 22, 2018, Excel began charging short-term trading fees in accordance with this recommendation standing instruction. All of the affected Excel Funds were made whole and the Manager has informed the Ontario Securities Commission. The IRC is of the opinion that the Manager has taken appropriate steps to deal with the matter.