

Sun Life Excel India Balanced Fund

FUND REVIEW | Q4 2018

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and RBC; opinions and data as of December 31, 2018.

CATEGORY¹

Global equity balanced

INVESTMENT OBJECTIVE

To provide monthly cash distributions and long-term capital appreciation through exposure to an actively-managed, diversified portfolio comprised primarily of publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India. The Fund invests in these securities through a "fund-of-fund" arrangement by investing in the Growth & Income Class of Excel Funds Mauritius Company Ltd.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

Aditya Birla Sun Life Asset Management Company Pte. Ltd., Singapore

INCEPTION DATE

April 22, 2016

TOTAL ASSETS

\$56,493,247

BENCHMARK

65% MSCI India Index
35% CRISIL Composite Bond Fund Index

PERFORMANCE SUMMARY

There was record volatility in the market as 2018. The S&P 500 lost 14.3% in the fourth quarter; U.S. high yield spreads widened, and oil prices ended the year nearly 40% below their October peak.

On the monetary policy front, the U.S. Federal Reserve raised interest rates 25 basis points in December, its fourth rate hike in 2018. The Fed's aggressive outlook for further rate increases added to the sharp sell-off in equities.

However, this negative performance came against an apparent improving economic backdrop. For one, oil prices moved lower; there was more optimism surrounding the U.S./ China trade conflict, and the number of expected Fed interest rate increases for 2019 dropped from three to two.

The selloff in Brent oil prices continued in the quarter, down 9% in December, after a 21% drop in November and a 11% drop in October. Brent crude ended the year at US\$53 a barrel, down 20% in 2018.

Falling crude prices were reflected in India's Consumer Price Index, which came in below expectations at 2.2% in the quarter – the sixth consecutive month where headline inflation surprised to the downside.

The Indian economy faced a number of headwinds in 2018. These included global monetary policy tightening and rising oil prices during the first half of the year. This hurt the country's current account position, putting downward pressure on the Indian rupee. In response, the Reserve Bank of India (the country's central bank) sold primarily U.S. dollars to defend the currency.

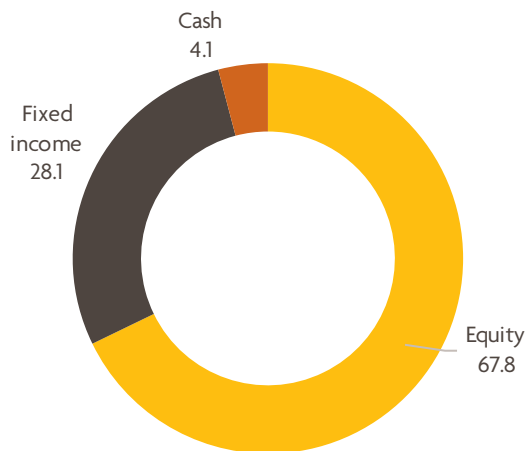
On the fixed income side of the portfolio, at year-end duration stood at 3.72 years versus the benchmark duration of 5.05 years. The fixed income component continues to earn a higher yield of 8.53%, versus the benchmark yield of 8.31%.

On the equity side of the portfolio, the recent correction in Indian equity markets reduced valuations almost across the board, including on what the portfolio manager believes are high-quality companies.

¹Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

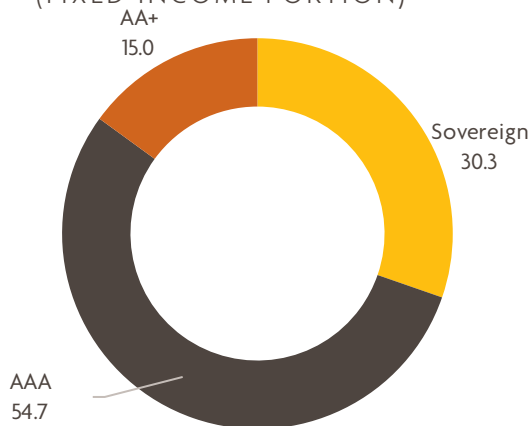
FUND DETAILS

ASSET ALLOCATION



Source: Aditya Birla Sun Life Asset Management

BREAKDOWN BY CREDIT QUALITY (FIXED INCOME PORTION)

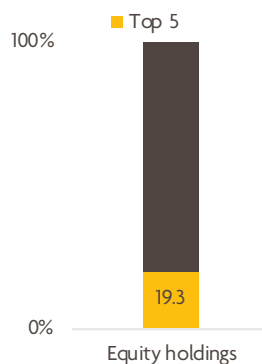


Source: Aditya Birla Sun Life Asset Management

HOLDINGS ANALYSIS

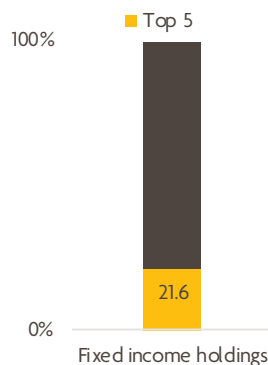
EQUITY | TOP 5 HOLDINGS

	FUND %
Reliance Industries	5.0
HDFC Bank	4.0
Infosys	3.6
ICICI Bank	3.5
HDFC	3.2
Top 5 equity holdings % of net assets	19.3
Total # equity holdings	51



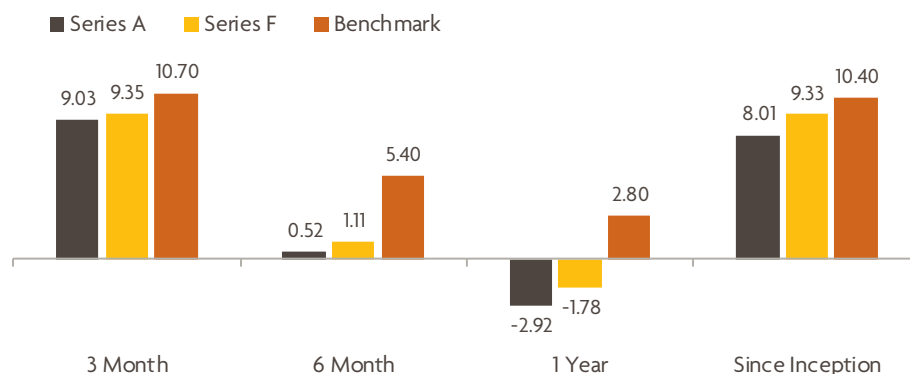
FIXED INCOME | TOP 5 HOLDINGS

	FUND %
NHAIIN 7.27 06/06/22	5.5
RECLIN 8.56 11/29/28	5.3
IHFLIN 8.75 02/21/20	3.6
MAHARA 7.42 05/11/22	3.6
GUJARA 7.64 11/08/27	3.6
Top 5 fixed income holdings % of net assets	21.6
Total # fixed income holdings	8



Source: Aditya Birla Sun Life Asset Management

PERFORMANCE (%)²



PORTFOLIO RETURNS % (SERIES A)

	3 MONTH	6 MONTH	1 YEAR	SINCE INCEPTION ³
Fund	9.03	0.52	-2.92	8.01
Benchmark*	10.70	5.40	2.80	10.40
+ / -	-1.67	-4.88	-5.72	-2.39

Data as of December 31, 2018.

*On June 15, 2018, the benchmark for this fund changed from 65% SENSEX Index to 65% MSCI India Index (the 35% CRISIL Composite Bond Fund Index remains unchanged). The MSCI India Index is used as the benchmark for all historical benchmark calculations.

²Returns for periods longer than one year are annualized. Series A securities of the fund are available for purchase to all investors, while Series F securities are only available to investors in an eligible fee-based or wrap program with their registered dealer. While Series A and Series F securities have the same reference portfolio, any difference in performance between these series is due primarily to differences in management fees and operating fees. The management fee for Series A securities includes the trailing commission, while Series F securities does not. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

³Partial calendar year. Returns are for the period from the fund's inception date of April 22, 2016 to December 31, 2016.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. The indicated rates of return is are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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