

Sun Life Excel India Balanced Fund

FUND REVIEW | Q2 2019

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and RBC; opinions and data as of June 30, 2019.

CATEGORY

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 Limited

INCEPTION DATE

April 22, 2016

TOTAL ASSETS

\$51,420,556

BENCHMARK

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

PERFORMANCE SUMMARY

Sun Life Excel India Balanced Fund (series A) returned -1.6% in the second quarter, underperforming its benchmark.

Global equities were buoyed by dovish commentary from central banks and positive developments around the U.S.-China trade war after the G20 summit. Domestic growth indicators continued to suggest weakness in India’s economy over the quarter. Data and corporate commentary were weak in consumer products and auto sales were low. Despite the positive developments on trade between the U.S. and China, the portfolio management team believes trade tensions will continue, and may have a negative impact on India’s exports.

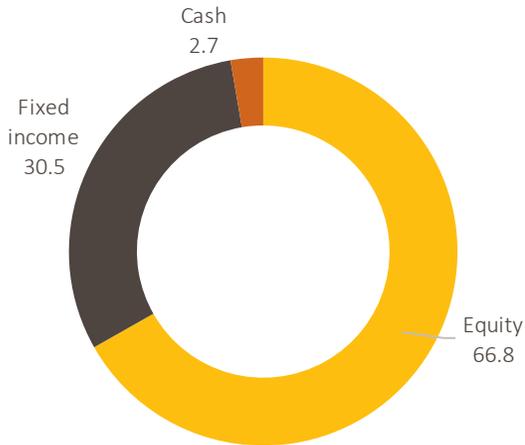
The Fund’s performance was bolstered by an overweight position to financials and underweight positions in health care, energy, consumer discretionary and utilities. Underweight positions in communication services, and materials detracted from relative performance.

While corporate profitability had been subdued for the past few years, earnings growth is expected to pick-up as businesses have adjusted to India’s recent policy changes. Given this, the portfolio is positioned towards domestic-oriented sectors like financials, as well as consumer-oriented sectors such as: consumer staples, consumer discretionary and the industrial sector with a long term perspective.

The budget and the previous economic survey focused on bringing down the cost of capital, which would mean both the baseline curve and the good credit quality spreads coming lower. The portfolio is taking advantage of spread compression and a surplus liquidity environment to invest in AAA corporate bonds.

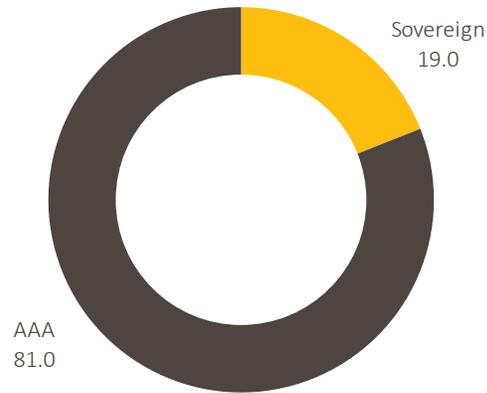
FUND DETAILS

ASSET ALLOCATION



Source: Aditya Birla Sun Life Asset Management

BREAKDOWN BY CREDIT QUALITY (FIXED INCOME PORTION)

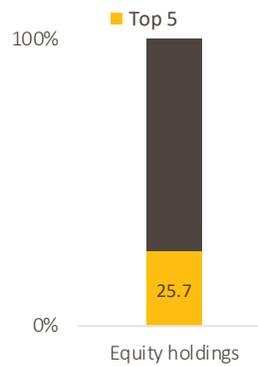


Source: Aditya Birla Sun Life Asset Management

HOLDINGS ANALYSIS

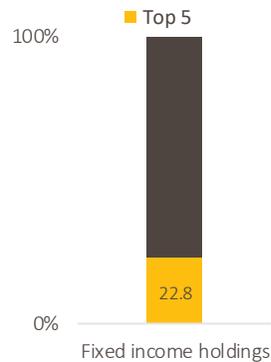
EQUITY | TOP 5 HOLDINGS

	FUND %
Reliance Industries	5.8
HDFC Bank	5.6
HDFC	5.3
ICICI Bank	4.9
Infosys	4.1
Top 5 equity holdings % of net assets	25.7
Total # equity holdings	40

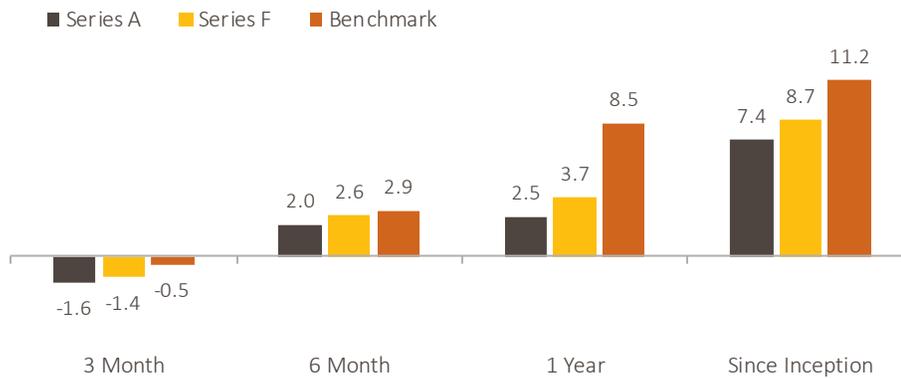


FIXED INCOME | TOP 5 HOLDINGS

	FUND %
RECLIN 8.56 11/29/28	5.7
NHAIIN 7.27 06/06/22	5.6
INRCIN 8.23 03/29/29	3.9
IHFLIN 8.75 02/21/20	3.8
GUJARA 7.64 11/08/27	3.8
Top 5 fixed income holdings % of net assets	22.8
Total # fixed income holdings	9



Source: Aditya Birla Sun Life Asset Management

PERFORMANCE (%)¹**PORTFOLIO RETURNS % (SERIES A)**

	3 MONTH	6 MONTH	1 YEAR	SINCE INCEPTION ²
Fund	-1.64	1.99	2.52	7.40
Benchmark*	-0.50	2.90	8.50	11.20
+ / -	-1.14	-0.91	-5.98	-3.80

Data as of June 30, 2019.

*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.

This quarterly review is published by Sun Life Global Investments (Canada) Inc. and contains information in summary form. Although information has been obtained from sources believed to be reliable, Sun Life Global Investments (Canada) Inc. cannot guarantee its accuracy or completeness. Information is subject to change. The quarterly review should not be construed as providing specific individual financial, investment, tax, or legal advice. Investors should speak with their professional advisors before acting on any information contained in this document. Please note, any future or forward looking statements contained in this quarterly review are speculative in nature and cannot be relied upon. There is no guarantee that these events will occur or in the manner speculated.

© 2019 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

© Sun Life Global Investments (Canada) Inc., 2019. Sun Life Global Investments (Canada) Inc. is a member of the Sun Life Financial group of companies.

Sun Life Global Investments (Canada) Inc.

1 York Street, Toronto, Ontario M5J 0B6

T: 1.877.344.1434 | E: info@sunlifeglobalinvestments.com

sunlifeglobalinvestments.com/Commentary

Follow Sun Life Global Investments on [Twitter](#) or subscribe to our [YouTube](#) channel