
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC

ANNUAL FINANCIAL STATEMENTS

for the period ended December 31, 2018

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 Balanced Class

Sun Life Granite Balanced Growth Class

Sun Life Granite Conservative Class

Sun Life Granite Growth Class

Sun Life Granite Moderate Class

Sun Life MFS Canadian Equity Growth Class (formerly Sun Life MFS Canadian Equity Class)

Sun Life MFS Dividend Income Class

Sun Life MFS Global Growth Class

Sun Life MFS International Growth Class

Sun Life MFS U.S. Growth Class

Sun Life Money Market Class

Sun Life Sentry Value Class

Sun Life Trimark Canadian Class



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Independent Auditors' Report

Independent auditor's report

To the Shareholders of:

Sun Life BlackRock Canadian Balanced Class
Sun Life BlackRock Canadian Composite Equity Class

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Sun Life Dynamic Equity Income Class
Sun Life Dynamic Strategic Yield Class
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Sun Life Sentry Value Class
Sun Life Trimark Canadian Class

(collectively, the "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income (loss), statements of changes in net assets attributable to holders of redeemable shares and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Funds as at December 31, 2018 and 2017, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of each of the Funds. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

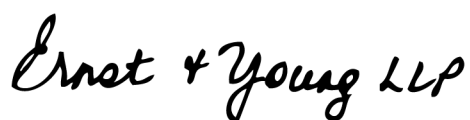
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Blaine Hertzberger.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are connected and fluid, with a professional yet approachable feel.

Waterloo, Canada
March 27, 2019

Sun Life BlackRock Canadian Balanced Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	1,796,831	1,758,144
Cash	9,264	228
Due from investment dealers	-	-
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	-	-
	1,806,095	1,758,372
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	31	30
Redemptions payable	-	-
Distributions payable	-	-
Due to investment dealers	803	350
Management fees payable	567	522
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	1,401	902
Net Assets Attributable to Holders of Redeemable Shares	1,804,694	1,757,470
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	1,009,752	1,081,937
Series AT5	53,159	65,910
Series F	182,661	191,693
Series FT5	50,030	-
Series O	509,092	417,930
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	11.38	12.33
Series AT5	13.04	14.89
Series F	12.11	12.97
Series FT5	13.93	-
Series O	11.27	12.00

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	35	-
Distributions from underlying funds	42,476	39,938
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	28,140	23,117
Change in unrealized appreciation (depreciation) in value of investments	(146,122)	93,527
Net gains (losses) on investments	(75,471)	156,582
Total income (loss)	(75,471)	156,582
Expenses (note 6)		
Management fees	20,476	21,085
Administration fees	1,059	995
Independent review committee fees	34	36
Total operating expenses	21,569	22,116
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(97,040)	134,466
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(97,040)	134,466
Income taxes	-	756
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(97,040)	133,710
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(60,243)	78,054
Series AT5	(3,510)	4,560
Series F	(8,576)	15,245
Series FT5	(2,415)	-
Series O	(22,296)	35,851
Weighted Average Number of Shares Outstanding		
Series A	87,649	92,003
Series AT5	4,503	4,254
Series F	14,890	14,608
Series FT5	5,237	-
Series O	41,532	35,879
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.69)	0.85
Series AT5	(0.78)	1.07
Series F	(0.58)	1.04
Series FT5	(0.46)	-
Series O	(0.54)	1.00

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Balanced Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 1,081,937	1,107,533	65,910	61,329	191,693	176,802
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (60,243)	78,054	(3,510)	4,560	(8,576)	15,245
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 341,169	176,689	3	23	16	96
Redemption of redeemable shares	\$ (353,111)	(280,307)	(9,244)	-	(472)	(452)
Reinvestment of distributions to holders of redeemable shares	\$ 22,695	16,013	4,600	4,099	4,084	2,804
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 10,753	(87,605)	(4,641)	4,122	3,628	2,448
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (10,258)	(2,623)	(629)	(145)	(1,834)	(420)
From net investment income	\$ (12,437)	(13,079)	(655)	(797)	(2,250)	(2,317)
Return of capital	\$ -	(343)	(3,316)	(3,159)	-	(65)
	\$ (22,695)	(16,045)	(4,600)	(4,101)	(4,084)	(2,802)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (72,185)	(25,596)	(12,751)	4,581	(9,032)	14,891
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 1,009,752	1,081,937	53,159	65,910	182,661	191,693
Redeemable Share Transactions						
Balance - beginning of period	87,742	95,036	4,427	4,150	14,781	14,591
Shares issued	28,755	14,760	2	2	13	9
Shares issued on reinvestment of distributions	1,949	1,302	328	275	331	218
Shares redeemed	(29,707)	(23,356)	(682)	-	(36)	(37)
Balance - end of period	88,739	87,742	4,075	4,427	15,089	14,781

	Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	417,930	376,388	1,757,470	1,722,052
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (2,415)	-	(22,296)	35,851	(97,040)	133,710
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 145,626	-	216,376	138,019	703,190	314,827
Redemption of redeemable shares	\$ (90,000)	-	(102,918)	(132,328)	(555,745)	(413,087)
Reinvestment of distributions to holders of redeemable shares	\$ 1,301	-	10,258	6,037	42,938	28,953
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 56,927	-	123,716	11,728	190,383	(69,307)
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (100)	-	(3,983)	(981)	(16,804)	(4,169)
From net investment income	\$ (624)	-	(6,275)	(5,056)	(22,241)	(21,249)
Return of capital	\$ (3,758)	-	-	-	(7,074)	(3,567)
	\$ (4,482)	-	(10,258)	(6,037)	(46,119)	(28,985)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 50,030	-	91,162	41,542	47,224	35,418
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 50,030	-	509,092	417,930	1,804,694	1,757,470
Redeemable Share Transactions						
Balance - beginning of period	-	-	34,820	33,764	141,770	147,541
Shares issued	9,532	-	18,265	11,718	56,567	26,489
Shares issued on reinvestment of distributions	87	-	898	508	3,593	2,303
Shares redeemed	(6,027)	-	(8,793)	(11,170)	(45,245)	(34,563)
Balance - end of period	3,592	-	45,190	34,820	156,685	141,770

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Balanced Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(97,040)	133,710
Adjustments for:		
Net realized (gain) loss on sale of investments	(28,140)	(23,117)
Change in unrealized (appreciation) depreciation in value of investments	146,122	(93,527)
Non-cash income distributions from underlying funds	(42,476)	(39,938)
Purchases of investments	(491,542)	(195,327)
Proceeds from sale of investments	377,802	318,213
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	45	(1,447)
Change in other payables and accrued expenses	1	(8)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(135,228)	98,559
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(3,181)	(32)
Proceeds from redeemable shares issued	703,190	314,827
Redemption of redeemable shares	(555,745)	(413,087)
Net Cash Provided by (Used in) Financing Activities	144,264	(98,292)
Net increase (decrease) in cash	9,036	267
Cash (bank indebtedness) at beginning of period	228	(39)
Cash (bank indebtedness) at end of period	9,264	228
Interest received	35	-
Income taxes paid	-	(756)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life BlackRock Canadian Balanced Fund, Series I	144,145	1,774,553	1,796,831	
		1,774,553	1,796,831	99.56
Total Investments		1,774,553	1,796,831	99.56
Other Assets less Liabilities			7,863	0.44
Total Net Assets			1,804,694	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life BlackRock Canadian Balanced Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life BlackRock Canadian Balanced Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

As at December 31, 2018 and December 31, 2017, the Underlying Fund held foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currency relative to the Canadian Dollar.

The Underlying Fund is exposed indirectly to credit risk as a result of its investment in underlying internally and externally managed funds.

The Underlying Fund also invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's. Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	-	0.60
Total	-	0.60

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Balanced Class (continued)

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed indirectly to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	December 31, 2018		December 31, 2017	
	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)
United States Dollar	151,328	8.39	171,576	9.76
Total	151,328	8.39	171,576	9.76

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$7,566 (\$8,579 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Fund.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Fund.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
Foreign Bonds	16.8	15.7
Information Technology	4.9	5.9
Health Care	4.6	4.2
Consumer Discretionary	2.6	3.0
Consumer Staples	2.3	2.6
Industrials	1.3	1.7
Real Estate	0.2	0.3
Communication Services	1.8	-
Utilities	0.1	0.4
Mutual Funds		
Canadian Equities	41.5	42.0
Canadian Fixed Income	23.4	23.5
Derivative Assets (Liabilities)	(0.3)	0.6
Other Assets less Liabilities	0.8	0.1
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	1,796,831	-	-	1,796,831

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	1,758,144	-	-	1,758,144

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Balanced Class (continued)

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series A	14,124	160,717
Series AT5	949	12,378
Series F	1,998	24,186
Series FT5	715	9,956

	December 31, 2017	
	Shares	Market Value (\$)
Series A	13,776	169,874
Series AT5	878	13,078
Series F	1,949	25,275
Series FT5	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	413	-	3,602
Series AT5	32	-	953
Series F	62	-	540
Series FT5	10,016	-	695

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	420	-	2,427
Series AT5	32	-	810
Series F	61	-	361
Series FT5	-	-	-

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Composite Equity Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	12,296,783	13,332,645
Cash	8,757	-
Due from investment dealers	-	6,619
Accrued interest	72	-
Distributions receivable from underlying funds	-	878,902
Subscriptions receivable	6,237	25,259
	12,311,849	14,243,425
Liabilities		
Current Liabilities		
Bank indebtedness	-	30,759
Accrued expenses	28	32
Redemptions payable	-	-
Distributions payable	-	-
Due to investment dealers	6,495	879,012
Management fees payable	270	270
Income tax payable	-	3,366
Total liabilities (excluding net assets attributable to holders of redeemable shares)	6,793	913,439
Net Assets Attributable to Holders of Redeemable Shares	12,305,056	13,329,986
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	749,125	962,321
Series AT5	12,612	13,968
Series F	50,466	29,958
Series FT5	90,700	-
Series I	11,285,781	12,194,800
Series O	116,372	128,939
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.18	11.94
Series AT5	11.61	14.40
Series F	10.49	12.24
Series FT5	13.19	-
Series I	9.26	10.73
Series O	9.54	11.07

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	90	133
Distributions from underlying funds	311,310	878,901
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	88,224	122,526
Change in unrealized appreciation (depreciation) in value of investments	(1,562,080)	50,469
Net gains (losses) on investments	(1,162,456)	1,052,029
Total income (loss)	(1,162,456)	1,052,029
Expenses (note 6)		
Management fees	10,271	10,882
Administration fees	1,098	1,337
Independent review committee fees	22	25
Total operating expenses	11,391	12,244
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(1,173,847)	1,039,785
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(1,173,847)	1,039,785
Income taxes	228	4,387
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(1,174,075)	1,035,398
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(84,006)	67,871
Series AT5	(1,359)	1,003
Series F	(4,467)	2,269
Series FT5	241	-
Series I	(1,073,213)	951,014
Series O	(11,271)	13,241
Weighted Average Number of Shares Outstanding		
Series A	76,949	85,672
Series AT5	1,026	921
Series F	3,823	2,341
Series FT5	925	-
Series I	1,203,468	966,941
Series O	11,666	16,339
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(1.09)	0.79
Series AT5	(1.32)	1.09
Series F	(1.17)	0.97
Series FT5	0.26	-
Series I	(0.89)	0.98
Series O	(0.97)	0.81

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Composite Equity Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 962,321	805,230	13,968	12,943	29,958	24,279	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (84,006)	67,871	(1,359)	1,003	(4,467)	2,269	241	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 215,376	472,308	3	25	25,045	3,410	90,459	-
Redemption of redeemable shares	\$ (344,566)	(383,419)	-	-	(70)	-	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 47,042	23,518	1,449	1,007	1,989	740	3,009	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (82,148)	112,407	1,452	1,032	26,964	4,150	93,468	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (32,210)	(667)	(461)	(8)	(990)	(18)	(355)	-
From net investment income	\$ (14,832)	(22,257)	(249)	(323)	(999)	(722)	(1,796)	-
Return of capital	\$ -	(263)	(739)	(679)	-	-	(858)	-
	\$ (47,042)	(23,187)	(1,449)	(1,010)	(1,989)	(740)	(3,009)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (213,196)	157,091	(1,356)	1,025	20,508	5,679	90,700	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 749,125	962,321	12,612	13,968	50,466	29,958	90,700	-
Redeemable Share Transactions								
Balance - beginning of period	80,580	70,890	970	899	2,448	2,097	-	-
Shares issued	18,606	40,689	3	2	2,185	290	6,651	-
Shares issued on reinvestment of distributions	4,386	1,969	113	69	183	61	223	-
Shares redeemed	(29,958)	(32,968)	-	-	(6)	-	-	-
Balance - end of period	73,614	80,580	1,086	970	4,810	2,448	6,874	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 12,194,800	6,501,099	128,939	292,723	13,329,986	7,636,274
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,073,213)	951,014	(11,271)	13,241	(1,174,075)	1,035,398
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 2,823,578	5,931,079	7,113	62,734	3,161,574	6,469,556
Redemption of redeemable shares	\$ (2,659,384)	(1,197,407)	(8,409)	(239,759)	(3,012,429)	(1,820,585)
Reinvestment of distributions to holders of redeemable shares	\$ 657,302	296,257	6,371	2,661	717,162	324,183
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 821,496	5,029,929	5,075	(174,364)	866,307	4,973,154
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (433,905)	(5,191)	(4,064)	(216)	(471,985)	(6,100)
From net investment income	\$ (223,397)	(282,051)	(2,307)	(2,445)	(243,580)	(307,798)
Return of capital	\$ -	-	-	-	(1,597)	(942)
	\$ (657,302)	(287,242)	(6,371)	(2,661)	(717,162)	(314,840)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (909,019)	5,693,701	(12,567)	(163,784)	(1,024,930)	5,693,712
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 11,285,781	12,194,800	116,372	128,939	12,305,056	13,329,986
Redeemable Share Transactions						
Balance - beginning of period	1,136,098	644,484	11,650	28,113	1,231,746	746,483
Shares issued	273,431	576,833	676	5,813	301,552	623,627
Shares issued on reinvestment of distributions	67,917	27,679	640	241	73,462	30,019
Shares redeemed	(258,729)	(112,898)	(770)	(22,517)	(289,463)	(168,383)
Balance - end of period	1,218,717	1,136,098	12,196	11,650	1,317,297	1,231,746

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Composite Equity Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(1,174,075)	1,035,398
Adjustments for:		
Net realized (gain) loss on sale of investments	(88,224)	(122,526)
Change in unrealized (appreciation) depreciation in value of investments	1,562,080	(50,469)
Non-cash income distributions from underlying funds	(311,310)	(878,901)
Purchases of investments	(3,833,913)	(6,026,621)
Proceeds from sale of investments	2,841,331	1,642,802
Change in accrued interest	(72)	-
Change in distributions receivable from underlying funds	878,902	(682,202)
Change in management fees payable	-	(468)
Change in other payables and accrued expenses	(4)	(72)
Change in income tax payable	(3,366)	(832)
Net Cash Provided by (Used in) Operating Activities	(128,651)	(5,083,891)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	-	3
Proceeds from redeemable shares issued	3,180,596	6,884,409
Redemption of redeemable shares	(3,012,429)	(1,832,814)
Net Cash Provided by (Used in) Financing Activities	168,167	5,051,598
Net increase (decrease) in cash	39,516	(32,293)
Cash (bank indebtedness) at beginning of period	(30,759)	1,534
Cash (bank indebtedness) at end of period	8,757	(30,759)
Interest received	18	133
Income taxes paid	(3,594)	(5,219)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life BlackRock Canadian Composite Equity Fund, Series I	1,233,440	13,304,952	12,296,783	
		13,304,952	12,296,783	99.93
Total Investments		13,304,952	12,296,783	99.93
Other Assets less Liabilities			8,273	0.07
Total Net Assets			12,305,056	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life BlackRock Canadian Composite Equity Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life BlackRock Canadian Composite Equity Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Underlying Fund is subject to credit risk exposure related to its investment in indexed linked equity futures. However, as these investments are held directly with the exchanges, credit risk is not a significant risk to the Fund.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Composite Equity Class (continued)

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	December 31, 2018		December 31, 2017	
	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)
United States Dollar	7,981	0.06	5,432	0.04
Total	7,981	0.06	5,432	0.04

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$399 (\$272 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in Canadian equities and indexed linked equity futures.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$605,357 (\$663,471 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Equities		
Financials	32.6	34.6
Energy	17.3	18.9
Materials	11.0	11.3
Industrials	9.9	9.4
Communication Services	5.8	-
Telecommunication Services	-	4.6
Consumer Discretionary	4.2	5.2
Utilities	4.0	3.9
Information Technology	3.9	3.2
Consumer Staples	3.9	3.6
Real Estate	3.1	2.8
Health Care	1.5	0.8
Other Assets less Liabilities	2.8	1.7
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	12,296,783	-	-	12,296,783
December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	13,332,645	-	-	13,332,645

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Composite Equity Class (continued)

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series A	17,191	174,940
Series AT5	1,086	12,612
Series F	2,282	23,947
Series FT5	739	9,754
Series I	1,133	10,496

	December 31, 2017	
	Shares	Market Value (\$)
Series A	16,223	193,741
Series AT5	970	13,969
Series F	2,154	26,358
Series FT5	-	-
Series I	1,073	11,513

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	466	-	9,858
Series AT5	34	-	1,449
Series F	64	-	1,345
Series FT5	10,017	-	1,032
Series I	-	-	589

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	468	-	4,598
Series AT5	34	-	995
Series F	64	-	625
Series FT5	-	-	-
Series I	-	-	273

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	6,112,119	4,810,815
Cash	7,409	-
Due from investment dealers	-	2,961
Accrued interest	12	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	55,455	12,500
	6,174,995	4,826,276
Liabilities		
Current Liabilities		
Bank indebtedness	-	6,097
Accrued expenses	20	22
Redemptions payable	2,937	3,961
Distributions payable	733	-
Due to investment dealers	55,570	5,973
Management fees payable	349	335
Income tax payable	3,675	3,347
Total liabilities (excluding net assets attributable to holders of redeemable shares)	63,284	19,735
Net Assets Attributable to Holders of Redeemable Shares	6,111,711	4,806,541
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	601,720	704,891
Series AT5	35,218	14,689
Series AT8	38,982	37,682
Series F	57,937	52,748
Series FT5	9,872	-
Series FT8	9,872	-
Series I	5,107,636	3,726,701
Series O	250,474	269,830
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	11.27	12.77
Series AT5	12.90	15.41
Series AT8	10.88	13.44
Series F	11.99	13.43
Series FT5	13.57	-
Series FT8	13.20	-
Series I	9.98	11.11
Series O	10.92	12.16

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	28	137
Distributions from underlying funds	228,950	203,442
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	39,805	61,484
Change in unrealized appreciation (depreciation) in value of investments	(700,652)	148,890
Net gains (losses) on investments	(431,869)	413,953
Total income (loss)	(431,869)	413,953
Expenses (note 6)		
Management fees	13,378	12,570
Administration fees	797	827
Independent review committee fees	14	18
Total operating expenses	14,189	13,415
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(446,058)	400,538
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(446,058)	400,538
Income taxes	2,500	3,931
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(448,558)	396,607
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(51,963)	58,761
Series AT5	(2,552)	1,373
Series AT8	(3,430)	11,257
Series F	(6,921)	11,129
Series FT5	(128)	-
Series FT8	(128)	-
Series I	(365,326)	286,272
Series O	(18,110)	27,815
Weighted Average Number of Shares Outstanding		
Series A	55,820	48,622
Series AT5	2,288	910
Series AT8	2,981	6,454
Series F	3,630	7,855
Series FT5	696	-
Series FT8	705	-
Series I	425,697	228,713
Series O	22,451	21,091
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.93)	1.21
Series AT5	(1.12)	1.51
Series AT8	(1.15)	1.74
Series F	(1.91)	1.42
Series FT5	(0.18)	-
Series FT8	(0.18)	-
Series I	(0.86)	1.25
Series O	(0.81)	1.32

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 704,891	538,757	14,689	13,294	37,682	176,154	52,748	204,831
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (51,963)	58,761	(2,552)	1,373	(3,430)	11,257	(6,921)	11,129
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 173,093	279,364	24,804	26	7,168	3,909	36,462	57
Redemption of redeemable shares	\$ (224,301)	(171,997)	(1,000)	-	-	(147,225)	(24,352)	(163,263)
Reinvestment of distributions to holders of redeemable shares	\$ 26,729	14,917	2,206	1,023	2,272	2,031	2,130	2,258
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (24,479)	122,284	26,010	1,049	9,440	(141,285)	14,240	(160,948)
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (16,885)	(3,128)	(549)	(86)	(841)	(1,131)	(1,182)	(1,326)
From net investment income	\$ (9,844)	(11,546)	(579)	(241)	(649)	(623)	(948)	(864)
Return of capital	\$ -	(237)	(1,801)	(700)	(3,220)	(6,690)	-	(74)
	\$ (26,729)	(14,911)	(2,929)	(1,027)	(4,710)	(8,444)	(2,130)	(2,264)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (103,171)	166,134	20,529	1,395	1,300	(138,472)	5,189	(152,083)
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 601,720	704,891	35,218	14,689	38,982	37,682	57,937	52,748
Redeemable Share Transactions								
Balance - beginning of period	55,191	45,434	953	884	2,803	13,023	3,929	16,617
Shares issued	13,881	22,691	1,692	2	598	283	2,672	5
Shares issued on reinvestment of distributions	2,260	1,179	154	67	181	150	171	174
Shares redeemed	(17,958)	(14,113)	(70)	-	-	(10,653)	(1,939)	(12,867)
Balance - end of period	53,374	55,191	2,729	953	3,582	2,803	4,833	3,929

	Series FT5		Series FT8		Series I		Series O	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	3,726,701	1,313,349	269,830	236,964
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (128)	-	(128)	-	(365,326)	286,272	(18,110)	27,815
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 10,000	-	10,000	-	2,270,612	2,477,049	26,063	62,691
Redemption of redeemable shares	\$ -	-	-	-	(524,351)	(351,227)	(27,309)	(57,512)
Reinvestment of distributions to holders of redeemable shares	\$ 878	-	1,174	-	176,191	73,850	10,040	5,774
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 10,878	-	11,174	-	1,922,452	2,199,672	8,794	10,953
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (238)	-	(238)	-	(93,530)	(11,554)	(5,940)	(1,480)
From net investment income	\$ (162)	-	(161)	-	(82,661)	(61,038)	(4,100)	(4,422)
Return of capital	\$ (478)	-	(775)	-	-	-	-	-
	\$ (878)	-	(1,174)	-	(176,191)	(72,592)	(10,040)	(5,902)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 9,872	-	9,872	-	1,380,935	2,413,352	(19,356)	32,866
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 9,872	-	9,872	-	5,107,636	3,726,701	250,474	269,830
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	335,584	129,759	22,197	21,369
Shares issued	667	-	667	-	207,282	231,517	2,103	5,318
Shares issued on reinvestment of distributions	60	-	81	-	17,096	6,741	887	483
Shares redeemed	-	-	-	-	(48,088)	(32,433)	(2,242)	(4,973)
Balance - end of period	727	-	748	-	511,874	335,584	22,945	22,197

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (continued)

For the periods ended December 31

	Total	
	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 4,806,541	2,483,349
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (448,558)	396,607
Redeemable Share Transactions		
Proceeds from redeemable shares issued	\$ 2,558,202	2,823,096
Redemption of redeemable shares	\$ (801,313)	(891,224)
Reinvestment of distributions to holders of redeemable shares	\$ 221,620	99,853
Capitalized distributions	\$ -	-
	\$ 1,978,509	2,031,725
Distributions to Holders of Redeemable Shares		
From capital gains	\$ (119,403)	(18,705)
From net investment income	\$ (99,104)	(78,734)
Return of capital	\$ (6,274)	(7,701)
	\$ (224,781)	(105,140)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 1,305,170	2,323,192
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 6,111,711	4,806,541
Redeemable Share Transactions		
Balance - beginning of period	420,657	227,086
Shares issued	229,562	259,816
Shares issued on reinvestment of distributions	20,890	8,794
Shares redeemed	(70,297)	(75,039)
Balance - end of period	600,812	420,657

Statements of Cash Flows

For the periods ended December 31

	2018	2017		2018	2017
	(\$)	(\$)		(\$)	(\$)
Cash Flows from Operating Activities			Cash (bank indebtedness) at end of period	7,409	(6,097)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(448,558)	396,607	Interest received	16	137
Adjustments for:			Income taxes paid	(2,172)	(998)
Net realized (gain) loss on sale of investments	(39,805)	(61,484)	Interest paid	-	-
Change in unrealized (appreciation) depreciation in value of investments	700,652	(148,890)			
Non-cash income distributions from underlying funds	(228,950)	(203,442)			
Purchases of investments	(2,490,087)	(2,772,428)			
Proceeds from sale of investments	809,444	870,008			
Change in accrued interest	(12)	-			
Change in distributions receivable from underlying funds	-	-			
Change in management fees payable	14	(1,030)			
Change in other payables and accrued expenses	(2)	(68)			
Change in income tax payable	328	2,933			
Net Cash Provided by (Used in) Operating Activities	(1,696,976)	(1,917,794)			
Cash Flows from Financing Activities					
Distributions paid to holders of redeemable shares, net of reinvested distributions	(2,428)	(6,548)			
Proceeds from redeemable shares issued	2,515,247	2,876,801			
Redemption of redeemable shares	(802,337)	(954,176)			
Net Cash Provided by (Used in) Financing Activities	1,710,482	1,916,077			
Net increase (decrease) in cash	13,506	(1,717)			
Cash (bank indebtedness) at beginning of period	(6,097)	(4,380)			

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class (continued)

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life BlackRock Canadian Equity Fund, Series I	487,184	6,529,830	6,112,119	
		6,529,830	6,112,119	100.01
Total Investments		6,529,830	6,112,119	100.01
Other Assets less Liabilities			(408)	(0.01)
Total Net Assets			6,111,711	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life BlackRock Canadian Equity Class (the “Fund”) expose it to a variety of financial risks, which are described below. The Fund’s exposure to financial risk is indirect as a result of its investment in the Sun Life BlackRock Canadian Equity Fund (the “Underlying Fund”). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

As at December 31, 2018 and December 31, 2017, the Underlying Fund held foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currency relative to the Canadian Dollar.

The Underlying Fund is also exposed indirectly to credit risk as a result of its investment in underlying internally and externally managed funds. The Fund is subject to credit risk exposure related to investments in indexed linked equity futures. However, as these investments are held directly with the exchanges, credit risk is not a significant risk to the Fund.

The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor’s and Moody’s. Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	-	0.15
Total	-	0.15

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, either directly or indirectly through underlying internally and externally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund’s proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	December 31, 2018		December 31, 2017	
	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)
United States Dollar	1,109,471	18.15	1,350	0.03
Total	1,109,471	18.15	1,350	0.03

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class (continued)

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$55,474 (\$68 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Fund.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in equity securities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$204,813 (\$164,906 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
Industrials	2.4	3.3
Consumer Discretionary	4.6	5.3
Consumer Staples	4.2	4.3
Health Care	8.3	7.0
Information Technology	8.6	9.8
Real Estate	0.3	0.3
Utilities	0.6	0.6
Communication Services	3.1	
Equities		
Energy	11.8	13.0
Materials	7.5	7.8
Industrials	6.7	6.5
Consumer Discretionary	2.8	3.6
Consumer Staples	2.6	2.5
Health Care	1.0	0.6
Financials	22.2	23.7
Information Technology	2.7	2.2
Real Estate	2.1	1.9
Communication Services	4.0	3.2
Utilities	2.7	2.7
Other Assets less Liabilities	1.8	1.7
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	6,112,119	-	-	6,112,119

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	4,810,815	-	-	4,810,815

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

The accompanying notes are an integral part of the financial statements.

Sun Life BlackRock Canadian Equity Class (continued)

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series A	15,436	174,023
Series AT5	1,048	13,529
Series AT8	1,242	13,515
Series F	2,142	25,681
Series FT5	727	9,872
Series FT8	748	9,872
Series I	1,121	11,187

	December 31, 2017	
	Shares	Market Value (\$)
Series A	14,794	188,953
Series AT5	953	14,689
Series AT8	1,092	14,677
Series F	2,053	27,565
Series FT5	-	-
Series FT8	-	-
Series I	1,077	11,966

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	462	-	7,075
Series AT5	36	-	1,318
Series AT8	36	-	1,796
Series F	68	-	1,038
Series FT5	10,017	-	877
Series FT8	10,017	-	1,174
Series I	-	-	451

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	460	-	4,199
Series AT5	36	-	1,011
Series AT8	36	-	1,437
Series F	67	-	611
Series FT5	-	-	-
Series FT8	-	-	-
Series I	-	-	265

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 19, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Equity Income Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	23,869,993	17,616,513
Cash	5,790	-
Due from investment dealers	-	-
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	39,170	253,475
	23,914,953	17,869,988
Liabilities		
Current Liabilities		
Bank indebtedness	-	16,964
Accrued expenses	362	259
Redemptions payable	-	-
Distributions payable	8,853	2,774
Due to investment dealers	42,471	259,294
Management fees payable	3,250	2,302
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	54,936	281,593
Net Assets Attributable to Holders of Redeemable Shares	23,860,017	17,588,395
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	3,382,468	3,089,253
Series AT5	1,362,289	1,298,663
Series F	1,872,626	859,127
Series FT5	10,227	-
Series I	16,637,686	11,669,396
Series O	594,721	671,956
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.78	12.03
Series AT5	12.32	14.49
Series F	11.42	12.60
Series FT5	13.81	-
Series I	10.29	11.24
Series O	10.87	11.89

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	347	99
Distributions from underlying funds	1,251,690	2,029,720
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	(80,003)	123,727
Change in unrealized appreciation (depreciation) in value of investments	(1,832,592)	(723,842)
Net gains (losses) on investments	(660,558)	1,429,704
Total income (loss)	(660,558)	1,429,704
Expenses (note 6)		
Management fees	106,174	73,806
Administration fees	11,549	7,946
Independent review committee fees	128	104
Total operating expenses	117,851	81,856
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(778,409)	1,347,848
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(778,409)	1,347,848
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(778,409)	1,347,848
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(177,497)	236,563
Series AT5	(69,084)	128,084
Series F	(73,903)	54,239
Series FT5	227	-
Series I	(435,584)	844,146
Series O	(22,568)	84,816
Weighted Average Number of Shares Outstanding		
Series A	275,797	198,493
Series AT5	102,383	83,363
Series F	116,334	34,667
Series FT5	684	-
Series I	1,294,553	608,336
Series O	52,135	58,889
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.64)	1.19
Series AT5	(0.67)	1.54
Series F	(0.64)	1.56
Series FT5	0.33	-
Series I	(0.34)	1.39
Series O	(0.43)	1.44

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Equity Income Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 3,089,253	1,385,473	1,298,663	1,172,403	859,127	119,986	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (177,497)	236,563	(69,084)	128,084	(73,903)	54,239	227	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 1,707,406	2,110,651	291,014	97,732	1,311,547	728,450	10,000	-
Redemption of redeemable shares	\$ (1,236,694)	(643,045)	(130,486)	(92,490)	(224,145)	(43,557)	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 192,784	147,037	125,010	116,763	103,433	39,724	1,055	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 663,496	1,614,643	285,538	122,005	1,190,835	724,617	11,055	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (15,125)	(7,315)	(6,327)	(4,422)	(5,122)	(971)	(48)	-
From net investment income	\$ (177,659)	(139,629)	(72,352)	(58,897)	(98,311)	(38,691)	(537)	-
Return of capital	\$ -	(482)	(74,149)	(60,510)	-	(53)	(470)	-
	\$ (192,784)	(147,426)	(152,828)	(123,829)	(103,433)	(39,715)	(1,055)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 293,215	1,703,780	63,626	126,260	1,013,499	739,141	10,227	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 3,382,468	3,089,253	1,362,289	1,298,663	1,872,626	859,127	10,227	-
Redeemable Share Transactions								
Balance - beginning of period	256,798	121,354	89,625	81,238	68,200	10,155	-	-
Shares issued	143,518	175,792	20,947	6,619	104,316	58,328	666	-
Shares issued on reinvestment of distributions	17,705	12,226	9,440	7,958	9,020	3,155	74	-
Shares redeemed	(104,344)	(52,574)	(9,457)	(6,190)	(17,563)	(3,438)	-	-
Balance - end of period	313,677	256,798	110,555	89,625	163,973	68,200	740	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 11,669,396	3,159,828	671,956	771,757	17,588,395	6,609,447
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (435,584)	844,146	(22,568)	84,816	(778,409)	1,347,848
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 7,568,044	9,136,905	62,493	183,637	10,950,504	12,257,375
Redemption of redeemable shares	\$ (2,164,170)	(1,471,493)	(117,160)	(368,254)	(3,872,655)	(2,618,839)
Reinvestment of distributions to holders of redeemable shares	\$ 931,586	541,452	34,178	33,364	1,388,046	878,340
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 6,335,460	8,206,864	(20,489)	(151,253)	8,465,895	10,516,876
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (60,007)	(17,890)	(2,926)	(2,967)	(89,555)	(33,565)
From net investment income	\$ (871,579)	(523,552)	(31,252)	(30,397)	(1,251,690)	(791,166)
Return of capital	\$ -	-	-	-	(74,619)	(61,045)
	\$ (931,586)	(541,442)	(34,178)	(33,364)	(1,415,864)	(885,776)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 4,968,290	8,509,568	(77,235)	(99,801)	6,271,622	10,978,948
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 16,637,686	11,669,396	594,721	671,956	23,860,017	17,588,395
Redeemable Share Transactions						
Balance - beginning of period	1,038,663	302,741	56,535	69,778	1,509,821	585,266
Shares issued	679,348	820,533	5,107	15,428	953,902	1,076,700
Shares issued on reinvestment of distributions	90,224	48,256	3,130	2,817	129,593	74,412
Shares redeemed	(191,136)	(132,867)	(10,041)	(31,488)	(332,541)	(226,557)
Balance - end of period	1,617,099	1,038,663	54,731	56,535	2,260,775	1,509,821

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Equity Income Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(778,409)	1,347,848
Adjustments for:		
Net realized (gain) loss on sale of investments	80,003	(123,727)
Change in unrealized (appreciation) depreciation in value of investments	1,832,592	723,842
Non-cash income distributions from underlying funds	(1,251,690)	(2,029,720)
Purchases of investments	(9,768,927)	(11,671,021)
Proceeds from sale of investments	2,637,719	2,313,192
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	948	(1,938)
Change in other payables and accrued expenses	103	(234)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(7,247,661)	(9,441,758)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(21,739)	(4,674)
Proceeds from redeemable shares issued	11,164,809	12,004,235
Redemption of redeemable shares	(3,872,655)	(2,631,015)
Net Cash Provided by (Used in) Financing Activities	7,270,415	9,368,546
Net increase (decrease) in cash	22,754	(73,212)
Cash (bank indebtedness) at beginning of period	(16,964)	56,248
Cash (bank indebtedness) at end of period	5,790	(16,964)
Interest received	347	99
Income taxes paid	-	-
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Dynamic Equity Income Fund, Series I	2,261,722	26,244,771	23,869,993	
		26,244,771	23,869,993	100.04
Total Investments		26,244,771	23,869,993	100.04
Other Assets less Liabilities			(9,976)	(0.04)
Total Net Assets			23,860,017	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Dynamic Equity Income Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Dynamic Equity Income Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Equity Income Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Fund.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Fund.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Financials	19.6	17.3
Health Care	9.5	6.9
Industrials	8.6	10.4
Information Technology	8.5	7.5
Communication Services	7.3	-
Energy Infrastructure	7.2	6.5
Consumer Staples	6.9	6.1
Utilities	6.8	7.2
Energy	4.5	3.0
Consumer Discretionary	3.6	8.2
Real Estate	3.5	7.6
Materials	3.3	1.4
Private Equity - Real Estate	1.9	1.9
Telecommunication Services	-	7.2
Other Assets less Liabilities	8.8	8.8
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	23,869,993	-	-	23,869,993

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	17,616,513	-	-	17,616,513

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series FT5	740	10,227
Series I	1,227	12,625

	December 31, 2017	
	Shares	Market Value (\$)
Series FT5	-	-
Series I	1,157	13,001

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	-	-	-
Series AT5	-	-	-
Series F	-	-	-
Series FT5	10,017	-	1,055
Series I	-	-	722

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	249	186,579	661
Series AT5	19	14,324	332
Series F	35	27,349	96
Series FT5	-	-	-
Series I	-	-	631

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Equity Income Class (continued)

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, the Fund had significant interests in the Underlying Fund as noted in the following tables:

Underlying Fund	As at December 31, 2018	
	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life Dynamic Equity Income Fund	100	30

Underlying Fund	As at December 31, 2017	
	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life Dynamic Equity Income Fund	100	25

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	25,938,792	27,780,975
Cash	49,600	-
Due from investment dealers	3,762	639
Accrued interest	527	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	372,901	32,526
	26,365,582	27,814,140
Liabilities		
Current Liabilities		
Bank indebtedness	-	16,291
Accrued expenses	-	87
Redemptions payable	-	6,081
Distributions payable	-	-
Due to investment dealers	17,083	12,771
Management fees payable	4,046	4,070
Income tax payable	89,399	32,807
Total liabilities (excluding net assets attributable to holders of redeemable shares)	110,528	72,107
Net Assets Attributable to Holders of Redeemable Shares	26,255,054	27,742,033
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	5,395,651	7,157,060
Series AT5	431,753	495,821
Series F	1,292,028	424,362
Series FT5	137,273	-
Series I	8,978,348	8,013,450
Series O	10,020,001	11,651,340
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.42	11.06
Series AT5	11.85	13.26
Series F	11.07	11.62
Series FT5	14.20	-
Series I	10.05	10.44
Series O	10.47	10.88

Approved on behalf of the Board of Directors of the Corporation

"signed" Rick Headrick President	"signed" Kari Holdsworth Chief Financial Officer
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Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	1,127	660
Distributions from underlying funds	1,795,427	1,165,320
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	(22,081)	24,524
Change in unrealized appreciation (depreciation) in value of investments	(1,970,010)	832,158
Net gains (losses) on investments	(195,537)	2,022,662
Total income (loss)	(195,537)	2,022,662
Expenses (note 6)		
Management fees	152,231	163,537
Administration fees	30,336	32,169
Independent review committee fees	338	403
Total operating expenses	182,905	196,109
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(378,442)	1,826,553
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(378,442)	1,826,553
Income taxes	93,066	32,748
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(471,508)	1,793,805
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(200,957)	410,578
Series AT5	(15,868)	30,611
Series F	(23,251)	27,368
Series FT5	(4,040)	-
Series I	(82,759)	484,154
Series O	(144,633)	841,094
Weighted Average Number of Shares Outstanding		
Series A	581,273	657,230
Series AT5	35,321	37,401
Series F	76,002	33,149
Series FT5	2,901	-
Series I	838,201	587,846
Series O	931,932	1,030,747
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.35)	0.62
Series AT5	(0.45)	0.82
Series F	(0.31)	0.83
Series FT5	(1.39)	-
Series I	(0.10)	0.82
Series O	(0.16)	0.82

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 7,157,060	7,288,188	495,821	382,820	424,362	393,594	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (200,957)	410,578	(15,868)	30,611	(23,251)	27,368	(4,040)	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 1,125,690	2,032,211	51,054	153,237	1,006,586	103,845	143,288	-
Redemption of redeemable shares	\$ (2,686,142)	(2,574,323)	(75,974)	(47,585)	(115,669)	(100,442)	(1,975)	-
Reinvestment of distributions to holders of redeemable shares	\$ 150,243	125,575	12,103	10,737	34,318	7,196	5,684	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (1,410,209)	(416,537)	(12,817)	116,389	925,235	10,599	146,997	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (8,998)	-	(621)	-	(680)	-	(13)	-
From net investment income	\$ (141,245)	(123,940)	(11,469)	(8,721)	(33,638)	(7,120)	(3,574)	-
Return of capital	\$ -	(1,229)	(23,293)	(25,278)	-	(79)	(2,097)	-
	\$ (150,243)	(125,169)	(35,383)	(33,999)	(34,318)	(7,199)	(5,684)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (1,761,409)	(131,128)	(64,068)	113,001	867,666	30,768	137,273	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 5,395,651	7,157,060	431,753	495,821	1,292,028	424,362	137,273	-
Redeemable Share Transactions								
Balance - beginning of period	646,825	685,817	37,387	28,603	36,519	35,668	-	-
Shares issued	102,100	184,163	3,981	11,400	87,151	8,944	9,401	-
Shares issued on reinvestment of distributions	15,449	11,323	960	798	3,097	618	396	-
Shares redeemed	(246,497)	(234,478)	(5,908)	(3,414)	(10,080)	(8,711)	(133)	-
Balance - end of period	517,877	646,825	36,420	37,387	116,687	36,519	9,664	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 8,013,450	4,879,421	11,651,340	10,463,701	27,742,033	23,407,724
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (82,759)	484,154	(144,633)	841,094	(471,508)	1,793,805
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 1,937,773	3,460,292	1,902,257	1,884,959	6,166,648	7,634,544
Redemption of redeemable shares	\$ (890,116)	(811,079)	(3,388,963)	(1,538,242)	(7,158,839)	(5,071,671)
Reinvestment of distributions to holders of redeemable shares	\$ 244,349	139,572	264,865	201,721	711,562	484,801
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 1,292,006	2,788,785	(1,221,841)	548,438	(280,629)	3,047,674
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (10,627)	-	(13,425)	-	(34,364)	-
From net investment income	\$ (233,722)	(138,910)	(251,440)	(201,893)	(675,088)	(480,584)
Return of capital	\$ -	-	-	-	(25,390)	(26,586)
	\$ (244,349)	(138,910)	(264,865)	(201,893)	(734,842)	(507,170)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 964,898	3,134,029	(1,631,339)	1,187,639	(1,486,979)	4,334,309
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 8,978,348	8,013,450	10,020,001	11,651,340	26,255,054	27,742,033
Redeemable Share Transactions						
Balance - beginning of period	767,720	497,852	1,070,625	1,022,273	2,559,076	2,270,213
Shares issued	186,040	336,150	175,521	174,918	564,194	715,575
Shares issued on reinvestment of distributions	24,275	13,376	25,275	18,536	69,452	44,651
Shares redeemed	(85,100)	(79,658)	(313,952)	(145,102)	(661,670)	(471,363)
Balance - end of period	892,935	767,720	957,469	1,070,625	2,531,052	2,559,076

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(471,508)	1,793,805
Adjustments for:		
Net realized (gain) loss on sale of investments	22,081	(24,524)
Change in unrealized (appreciation) depreciation in value of investments	1,970,010	(832,158)
Non-cash income distributions from underlying funds	(1,795,427)	(1,165,320)
Purchases of investments	(3,539,742)	(6,276,193)
Proceeds from sale of investments	5,186,450	3,765,298
Change in accrued interest	(527)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	(24)	(11,400)
Change in other payables and accrued expenses	(87)	(2,877)
Change in income tax payable	56,592	21,514
Net Cash Provided by (Used in) Operating Activities	1,427,818	(2,731,855)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(23,280)	(23,065)
Proceeds from redeemable shares issued	5,826,273	7,710,913
Redemption of redeemable shares	(7,164,920)	(5,065,590)
Net Cash Provided by (Used in) Financing Activities	(1,361,927)	2,622,258
Net increase (decrease) in cash	65,891	(109,597)
Cash (bank indebtedness) at beginning of period	(16,291)	93,306
Cash (bank indebtedness) at end of period	49,600	(16,291)
Interest received	600	660
Income taxes paid	(36,474)	(11,234)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Dynamic Strategic Yield Fund, Series I	2,492,820	27,287,249	25,938,792	
		27,287,249	25,938,792	98.80
Total Investments		27,287,249	25,938,792	98.80
Other Assets less Liabilities			316,262	1.20
Total Net Assets			26,255,054	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Dynamic Strategic Yield Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Dynamic Strategic Yield Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. As at December 31, 2018 and December 31, 2017, the Underlying Fund held foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currency relative to the Canadian Dollar.

The Underlying Fund is exposed indirectly to credit risk as a result of its investment in underlying externally managed funds.

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class (continued)

The Underlying Fund also invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's. Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	11.23	0.13
AA/Aa	4.41	5.90
A/A	2.79	6.09
BBB/Bbb	4.30	5.54
BB/Ba	0.12	0.22
Not Rated	0.77	0.40
Total	23.62	18.28

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Fund is exposed to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. However, the Underlying Fund also holds foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies and minimize the currency risk exposure to the Fund.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	December 31, 2018		December 31, 2017	
	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)
United States Dollar	6,930,076	26.40	7,241,007	26.10
British Pound	3,392	0.01	430,051	1.55
Euro	-	-	68,087	0.25
Hong Kong Dollar	-	-	154,668	0.56
Japanese Yen	-	-	920	-
Total	6,933,468	26.41	7,894,733	28.46

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$346,673 (\$394,737 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed to interest rate risk as a result of its investment in the Underlying Fund.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	2,690,060	670,269	2,225,010	5,585,339
December 31, 2017	-	2,288,653	1,961,180	4,249,833

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$242,282 (\$240,501 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in global equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$514,930 (\$849,282 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class (continued)

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	5.8	-
Bankers' Acceptances	4.2	-
Bonds		
Federal Bonds	1.1	-
Corporate Bonds	9.9	15.3
Mortgage-Backed Securities	0.2	-
Equities		
Energy	3.9	6.6
Materials	1.4	4.0
Industrials	2.1	4.9
Consumer Discretionary	2.6	3.2
Consumer Staples	2.6	4.5
Health Care	5.2	3.9
Financials	7.4	14.8
Real Estate	4.1	2.1
Information Technology	1.5	8.5
Telecommunication Services	-	4.1
Communication Services	4.8	-
Utilities	3.7	4.5
Mutual Funds		
Canadian Fixed Income	14.9	5.0
Income and Real Property	1.2	1.0
High Yield Fixed Income	5.2	4.9
Derivative Assets (Liabilities)	(1.1)	0.4
Other Assets less Liabilities	19.3	12.3
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	25,938,792	-	-	25,938,792

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	27,780,975	-	-	27,780,975

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series F	-	-
Series FT5	718	10,205
Series I	1,150	11,562

	December 31, 2017	
	Shares	Market Value (\$)
Series F	952	11,060
Series FT5	-	-
Series I	1,119	11,675

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	25	11,092	14
Series FT5	10,016	-	748
Series I	-	-	316

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	28	-	192
Series FT5	-	-	-
Series I	-	-	202

The accompanying notes are an integral part of the financial statements.

Sun Life Dynamic Strategic Yield Class (continued)

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Franklin Bissett Canadian Equity Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	8,315,097	7,734,778
Cash	12,295	-
Due from investment dealers	180	-
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	205	863
	8,327,777	7,735,641
Liabilities		
Current Liabilities		
Bank indebtedness	-	15,396
Accrued expenses	197	184
Redemptions payable	285	-
Distributions payable	-	-
Due to investment dealers	5,397	888
Management fees payable	505	696
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	6,384	17,164
Net Assets Attributable to Holders of Redeemable Shares	8,321,393	7,718,477
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	677,356	1,052,327
Series AT5	10,171	13,723
Series F	130,474	372,089
Series FT5	9,690	-
Series I	7,161,031	5,929,386
Series O	332,671	350,952
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	9.17	10.81
Series AT5	11.25	14.08
Series F	9.54	11.17
Series FT5	13.22	-
Series I	10.01	11.57
Series O	9.94	11.51

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	244	1,483
Distributions from underlying funds	198,414	123,810
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	22,350	256,933
Change in unrealized appreciation (depreciation) in value of investments	(1,049,930)	112,535
Net gains (losses) on investments	(828,922)	494,761
Total income (loss)	(828,922)	494,761
Expenses (note 6)		
Management fees	24,047	26,697
Administration fees	7,582	6,591
Independent review committee fees	31	38
Total operating expenses	31,660	33,326
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(860,582)	461,435
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(860,582)	461,435
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(860,582)	461,435
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(101,383)	48,226
Series AT5	(1,367)	610
Series F	(28,732)	36,159
Series FT5	(329)	-
Series I	(691,752)	354,600
Series O	(37,019)	21,840
Weighted Average Number of Shares Outstanding		
Series A	86,797	80,710
Series AT5	988	871
Series F	28,534	63,302
Series FT5	696	-
Series I	641,150	425,928
Series O	33,209	20,341
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(1.17)	0.60
Series AT5	(1.38)	0.70
Series F	(1.01)	0.57
Series FT5	(0.47)	-
Series I	(1.08)	0.83
Series O	(1.11)	1.07

The accompanying notes are an integral part of the financial statements.

Sun Life Franklin Bissett Canadian Equity Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 1,052,327	735,512	13,723	10,889	372,089	74,486	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (101,383)	48,226	(1,367)	610	(28,732)	36,159	(329)	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 323,290	958,772	281	2,227	190,300	2,422,924	10,019	-
Redemption of redeemable shares	\$ (596,208)	(690,152)	(2,466)	-	(397,194)	(2,155,970)	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 36,146	17,251	1,231	862	4,327	1,174	941	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (236,772)	285,871	(954)	3,089	(202,567)	268,128	10,960	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (20,683)	(123)	(296)	(2)	(7,200)	(540)	(232)	-
From net investment income	\$ (16,133)	(16,865)	(242)	(220)	(3,116)	(6,045)	(231)	-
Return of capital	\$ -	(294)	(693)	(643)	-	(99)	(478)	-
	\$ (36,816)	(17,282)	(1,231)	(865)	(10,316)	(6,684)	(941)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (374,971)	316,815	(3,552)	2,834	(241,615)	297,603	9,690	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 677,356	1,052,327	10,171	13,723	130,474	372,089	9,690	-
Redeemable Share Transactions								
Balance - beginning of period	97,341	70,215	975	759	33,321	6,970	-	-
Shares issued	31,417	89,785	21	155	18,228	226,651	667	-
Shares issued on reinvestment of distributions	3,825	1,592	98	61	438	104	66	-
Shares redeemed	(58,712)	(64,251)	(190)	-	(38,304)	(200,404)	-	-
Balance - end of period	73,871	97,341	904	975	13,683	33,321	733	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 5,929,386	3,290,808	350,952	90,677	7,718,477	4,202,372
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (691,752)	354,600	(37,019)	21,840	(860,582)	461,435
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 2,768,926	2,875,480	72,996	315,419	3,365,812	6,574,822
Redemption of redeemable shares	\$ (845,529)	(591,727)	(54,258)	(76,984)	(1,895,655)	(3,514,833)
Reinvestment of distributions to holders of redeemable shares	\$ 319,200	96,167	16,640	5,658	378,485	121,112
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 2,242,597	2,379,920	35,378	244,093	1,848,642	3,181,101
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (148,450)	(896)	(8,698)	(24)	(185,559)	(1,585)
From net investment income	\$ (170,750)	(95,046)	(7,942)	(5,634)	(198,414)	(123,810)
Return of capital	\$ -	-	-	-	(1,171)	(1,036)
	\$ (319,200)	(95,942)	(16,640)	(5,658)	(385,144)	(126,431)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 1,231,645	2,638,578	(18,281)	260,275	602,916	3,516,105
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 7,161,031	5,929,386	332,671	350,952	8,321,393	7,718,477
Redeemable Share Transactions						
Balance - beginning of period	512,669	300,962	30,493	8,319	674,799	387,225
Shares issued	248,791	255,662	6,407	28,312	305,531	600,565
Shares issued on reinvestment of distributions	30,861	8,320	1,612	492	36,900	10,569
Shares redeemed	(76,813)	(52,275)	(5,051)	(6,630)	(179,070)	(323,560)
Balance - end of period	715,508	512,669	33,461	30,493	838,160	674,799

The accompanying notes are an integral part of the financial statements.

Sun Life Franklin Bissett Canadian Equity Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(860,582)	461,435
Adjustments for:		
Net realized (gain) loss on sale of investments	(22,350)	(256,933)
Change in unrealized (appreciation) depreciation in value of investments	1,049,930	(112,535)
Non-cash income distributions from underlying funds	(198,414)	(123,810)
Purchases of investments	(3,049,559)	(8,325,331)
Proceeds from sale of investments	1,644,403	5,285,309
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	(191)	(884)
Change in other payables and accrued expenses	13	(167)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(1,436,750)	(3,072,916)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(6,659)	(5,544)
Proceeds from redeemable shares issued	3,366,470	6,588,291
Redemption of redeemable shares	(1,895,370)	(3,525,328)
Net Cash Provided by (Used in) Financing Activities	1,464,441	3,057,419
Net increase (decrease) in cash	27,691	(15,497)
Cash (bank indebtedness) at beginning of period	(15,396)	101
Cash (bank indebtedness) at end of period	12,295	(15,396)
Interest received	244	1,483
Income taxes paid	-	-
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Franklin Bissett Canadian Equity Fund, Series O	60,301	8,976,216	8,315,097	
		8,976,216	8,315,097	99.92
Total Investments		8,976,216	8,315,097	99.92
Other Assets less Liabilities			6,296	0.08
Total Net Assets			8,321,393	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Franklin Bissett Canadian Equity Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Franklin Bissett Canadian Equity Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Franklin Bissett Canadian Equity Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Fund.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Fund.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Equities		
Financials	34.5	36.8
Energy	13.7	15.9
Industrials	14.3	13.3
Consumer Discretionary	7.6	9.0
Consumer Staples	8.8	7.3
Materials	5.1	5.1
Information Technology	4.4	2.4
Utilities	4.0	2.9
Telecommunication Services	-	3.2
Communication Services	3.8	-
Real Estate	0.5	0.5
Other Assets less Liabilities	3.3	3.6
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	8,315,097	-	-	8,315,097

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	7,734,778	-	-	7,734,778

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series AT5	904	10,171
Series FT5	733	9,690
Series I	28,726	287,503

	December 31, 2017	
	Shares	Market Value (\$)
Series AT5	814	11,460
Series FT5	-	-
Series I	27,406	316,975

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	27	-	-
Series AT5	-	-	1,088
Series F	-	-	-
Series FT5	10,016	-	941
Series I	-	-	13,687
Series O	-	-	-

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	266	124,479	27
Series AT5	29	-	745
Series F	15	11,375	3
Series FT5	-	-	-
Series I	-	-	5,149
Series O	-	11,756	3

The accompanying notes are an integral part of the financial statements.

Sun Life Franklin Bissett Canadian Equity Class (continued)

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	March 25, 2015	March 27, 2015
Series AT5 Shares	March 25, 2015	March 27, 2015
Series F Shares	March 25, 2015	March 27, 2015
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	March 25, 2015	March 27, 2015
Series O Shares	March 25, 2015	March 27, 2015

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	168,460,735	132,334,569
Cash	171,483	324,373
Due from investment dealers	80,293	-
Accrued interest	5,640	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	352,874	132,236
	169,071,025	132,791,178
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	8,770	6,451
Redemptions payable	18,786	6,755
Distributions payable	301	52
Due to investment dealers	336,712	489,669
Management fees payable	52,457	35,177
Income tax payable	384,761	329,756
Total liabilities (excluding net assets attributable to holders of redeemable shares)	801,787	867,860
Net Assets Attributable to Holders of Redeemable Shares	168,269,238	131,923,318
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	62,849,271	53,415,505
Series AT5	10,876,153	9,372,394
Series F	34,474,669	20,611,919
Series FT5	243,210	-
Series O	59,825,935	48,523,500
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	11.84	12.55
Series AT5	13.47	15.06
Series F	12.55	13.16
Series FT5	14.09	-
Series O	11.77	12.23

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	10,972	11,277
Distributions from underlying funds	10,948,390	6,553,172
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	494,807	391,156
Change in unrealized appreciation (depreciation) in value of investments	(13,634,765)	3,029,305
Net gains (losses) on investments	(2,180,596)	9,984,910
Total income (loss)	(2,180,596)	9,984,910
Expenses (note 5)		
Management fees	1,654,101	1,124,491
Administration fees	275,506	201,099
Independent review committee fees	2,879	2,282
Total operating expenses	1,932,486	1,327,872
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(4,113,082)	8,657,038
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(4,113,082)	8,657,038
Income taxes	434,591	401,435
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)		
	(4,547,673)	8,255,603
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(2,336,001)	2,924,560
Series AT5	(405,510)	521,979
Series F	(911,898)	1,106,767
Series FT5	(290)	-
Series O	(893,974)	3,702,297
Weighted Average Number of Shares Outstanding		
Series A	4,847,337	3,511,627
Series AT5	707,416	520,826
Series F	2,191,276	1,116,440
Series FT5	3,854	-
Series O	4,719,784	3,561,837
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.48)	0.83
Series AT5	(0.57)	1.00
Series F	(0.42)	0.99
Series FT5	(0.08)	-
Series O	(0.19)	1.04

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 53,415,505	33,608,336	9,372,394	5,796,190	20,611,919	9,104,050
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (2,336,001)	2,924,560	(405,510)	521,979	(911,898)	1,106,767
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 28,789,148	30,011,003	4,004,992	3,967,045	25,109,002	12,456,474
Redemption of redeemable shares	\$ (17,019,381)	(13,129,545)	(1,515,783)	(568,336)	(10,321,664)	(2,047,833)
Reinvestment of distributions to holders of redeemable shares	\$ 1,346,497	584,587	190,448	157,845	582,396	182,976
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 13,116,264	17,466,045	2,679,657	3,556,554	15,369,734	10,591,617
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (1,070,681)	(332,094)	(184,761)	(59,298)	(443,799)	(91,979)
From net investment income	\$ (275,816)	(245,378)	(48,047)	(43,341)	(151,287)	(94,722)
Return of capital	\$ -	(5,964)	(537,580)	(399,690)	-	(3,814)
	\$ (1,346,497)	(583,436)	(770,388)	(502,329)	(595,086)	(190,515)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 9,433,766	19,807,169	1,503,759	3,576,204	13,862,750	11,507,869
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 62,849,271	53,415,505	10,876,153	9,372,394	34,474,669	20,611,919
Redeemable Share Transactions						
Balance - beginning of period	4,255,379	2,829,126	622,260	386,600	1,566,684	739,336
Shares issued	2,322,881	2,449,089	277,528	262,777	1,930,457	970,792
Shares issued on reinvestment of distributions	110,202	47,704	13,025	10,477	43,811	14,217
Shares redeemed	(1,379,092)	(1,070,540)	(105,617)	(37,594)	(793,560)	(157,661)
Balance - end of period	5,309,370	4,255,379	807,196	622,260	2,747,392	1,566,684

	Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	48,523,500	35,325,691	131,923,318	83,834,267
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (290)	-	(893,974)	3,702,297	(4,547,673)	8,255,603
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 247,355	-	24,782,757	20,763,768	82,933,254	67,198,290
Redemption of redeemable shares	\$ (59)	-	(12,576,705)	(11,267,028)	(41,433,592)	(27,012,742)
Reinvestment of distributions to holders of redeemable shares	\$ 832	-	1,244,325	578,197	3,364,498	1,503,605
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 248,128	-	13,450,377	10,074,937	44,864,160	41,689,153
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (200)	-	(991,313)	(356,652)	(2,690,754)	(840,023)
From net investment income	\$ (1,076)	-	(262,655)	(222,773)	(738,881)	(606,214)
Return of capital	\$ (3,352)	-	-	-	(540,932)	(409,468)
	\$ (4,628)	-	(1,253,968)	(579,425)	(3,970,567)	(1,855,705)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 243,210	-	11,302,435	13,197,809	36,345,920	48,089,051
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 243,210	-	59,825,935	48,523,500	168,269,238	131,923,318
Redeemable Share Transactions						
Balance - beginning of period	-	-	3,968,359	3,113,473	10,412,682	7,068,535
Shares issued	17,207	-	2,042,405	1,760,317	6,590,478	5,442,975
Shares issued on reinvestment of distributions	56	-	104,059	49,158	271,153	121,556
Shares redeemed	(4)	-	(1,030,021)	(954,589)	(3,308,294)	(2,220,384)
Balance - end of period	17,259	-	5,084,802	3,968,359	13,966,019	10,412,682

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(4,547,673)	8,255,603
Adjustments for:		
Net realized (gain) loss on sale of investments	(494,807)	(391,156)
Change in unrealized (appreciation) depreciation in value of investments	13,634,765	(3,029,305)
Non-cash income distributions from underlying funds	(10,948,390)	(6,553,172)
Purchases of investments	(54,157,026)	(48,041,283)
Proceeds from sale of investments	15,606,042	9,900,168
Change in accrued interest	(5,640)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	17,280	(41,975)
Change in other payables and accrued expenses	2,319	(7,914)
Change in income tax payable	55,005	111,303
Net Cash Provided by (Used in) Operating Activities	(40,838,125)	(39,797,731)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(605,820)	(353,918)
Proceeds from redeemable shares issued	82,712,616	67,383,674
Redemption of redeemable shares	(41,421,561)	(27,052,932)
Net Cash Provided by (Used in) Financing Activities	40,685,235	39,976,824
Net increase (decrease) in cash	(152,890)	179,093
Cash (bank indebtedness) at beginning of period	324,373	145,280
Cash (bank indebtedness) at end of period	171,483	324,373
Interest received	5,332	11,277
Income taxes paid	(379,586)	(290,132)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Granite Balanced Portfolio, Series I	13,422,952	179,108,858	168,460,735	
		179,108,858	168,460,735	100.11
Total Investments		179,108,858	168,460,735	100.11
Other Assets less Liabilities			(191,497)	(0.11)
Total Net Assets			168,269,238	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Granite Balanced Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Granite Balanced Portfolio (the "Underlying Portfolio"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Portfolio.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Portfolio holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Portfolio.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Portfolio.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Portfolio's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Portfolio's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
U.S. Equities	9.6	10.0
Mutual Funds		
Canadian Fixed Income	19.4	19.0
International Equities	11.4	13.8
Canadian Equities	14.0	12.6
Tactical Balanced	9.2	10.8
U.S. Equities	8.0	6.6
High Yield Fixed Income	3.5	5.1
U.S. Fixed Income	5.6	4.3
Canadian Focused Equities	4.2	4.1
Emerging Markets Equities	3.9	3.1
Global Fixed Income	2.5	2.5
U.S. Small/Mid Cap Equities	-	1.9
Global Small/Mid Cap Equities	3.4	1.9
Real Estate Equities	1.2	1.7
Canadian Small/Mid Cap Equities	-	1.3
Canadian Money Market	2.0	-
Global Equities	2.1	1.1
Other Assets less Liabilities	-	0.2
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	168,460,735	-	-	168,460,735
December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	132,334,569	-	-	132,334,569

The accompanying notes are an integral part of the financial statements.

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series FT5	716	10,094
December 31, 2017		
	Shares	Market Value (\$)
Series FT5	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,016	-	721
December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	14	11,044	97
Series FT5	-	-	-

Sun Life Granite Balanced Class (continued)

Interest in Underlying Portfolios

The Fund invests in redeemable units of the Underlying Portfolio to gain exposure to the investment objectives and strategies of the Underlying Portfolio. The Underlying Portfolio is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Portfolio's net assets. The Fund does not provide additional financial or other support to the Underlying Portfolio. The Underlying Portfolio was established in and carries out its operations in Canada. The Fund's interest in the Underlying Portfolio is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Portfolio.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Growth Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	66,925,073	64,316,245
Cash	140,566	-
Due from investment dealers	-	18,066
Accrued interest	12,405	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	380,468	23,174
	67,458,512	64,357,485
Liabilities		
Current Liabilities		
Bank indebtedness	-	31,436
Accrued expenses	3,495	3,157
Redemptions payable	4,475	-
Distributions payable	1,149	1,110
Due to investment dealers	81,444	7,453
Management fees payable	23,187	16,277
Income tax payable	108,448	142,624
Total liabilities (excluding net assets attributable to holders of redeemable shares)	222,198	202,057
Net Assets Attributable to Holders of Redeemable Shares	67,236,314	64,155,428
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	28,761,806	24,410,316
Series AT5	1,058,733	1,366,352
Series AT8	3,160,820	3,069,015
Series F	11,940,485	7,582,108
Series FT5	363,910	-
Series FT8	65,022	-
Series O	21,885,538	27,727,637
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	12.05	12.84
Series AT5	13.76	15.45
Series AT8	11.60	13.46
Series F	12.74	13.46
Series FT5	14.07	-
Series FT8	13.68	-
Series O	11.89	12.41

Approved on behalf of the Board of Directors of the Corporation

"signed" Rick Headrick
President

"signed" Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	2,507	1,251
Distributions from underlying funds	4,917,754	3,049,646
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	523,725	481,377
Change in unrealized appreciation (depreciation) in value of investments	(6,474,095)	2,179,384
Net gains (losses) on investments	(1,030,109)	5,711,658
Total income (loss)	(1,030,109)	5,711,658
Expenses (note 6)		
Management fees	768,495	558,630
Administration fees	123,449	106,398
Independent review committee fees	1,292	1,196
Total operating expenses	893,236	666,224
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(1,923,345)	5,045,434
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(1,923,345)	5,045,434
Income taxes	107,863	178,297
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(2,031,208)	4,867,137
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(1,160,049)	1,544,349
Series AT5	(43,063)	80,584
Series AT8	(110,209)	252,143
Series F	(393,572)	466,974
Series FT5	(8,914)	-
Series FT8	(3,463)	-
Series O	(311,938)	2,523,087
Weighted Average Number of Shares Outstanding		
Series A	2,241,041	1,693,667
Series AT5	79,560	67,274
Series AT8	256,051	229,315
Series F	779,460	425,136
Series FT5	19,464	-
Series FT8	2,520	-
Series O	2,134,401	2,165,183
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.52)	0.91
Series AT5	(0.54)	1.20
Series AT8	(0.43)	1.10
Series F	(0.50)	1.10
Series FT5	(0.46)	-
Series FT8	(1.37)	-
Series O	(0.15)	1.17

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Growth Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 24,410,316	16,699,926	1,366,352	718,531	3,069,015	2,686,198	7,582,108	3,314,677
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,160,049)	1,544,349	(43,063)	80,584	(110,209)	252,143	(393,572)	466,974
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 16,298,813	11,785,191	163,846	662,992	976,765	1,039,188	9,677,525	4,198,191
Redemption of redeemable shares	\$ (10,787,274)	(5,618,772)	(375,886)	(67,802)	(496,475)	(726,090)	(4,923,851)	(388,211)
Reinvestment of distributions to holders of redeemable shares	\$ 724,597	304,951	42,492	39,173	90,029	116,171	256,543	67,172
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 6,236,136	6,471,370	(169,548)	634,363	570,319	429,269	5,010,217	3,877,152
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (569,828)	(200,964)	(28,828)	(8,168)	(72,849)	(32,506)	(194,411)	(44,551)
From net investment income	\$ (154,769)	(100,628)	(5,716)	(5,594)	(17,146)	(12,741)	(63,857)	(31,278)
Return of capital	\$ -	(3,737)	(60,464)	(53,364)	(278,310)	(253,348)	-	(866)
	\$ (724,597)	(305,329)	(95,008)	(67,126)	(368,305)	(298,595)	(258,268)	(76,695)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 4,351,490	7,710,390	(307,619)	647,821	91,805	382,817	4,358,377	4,267,431
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 28,761,806	24,410,316	1,058,733	1,366,352	3,160,820	3,069,015	11,940,485	7,582,108
Redeemable Share Transactions								
Balance - beginning of period	1,900,759	1,384,811	88,418	47,098	228,036	195,952	563,449	265,085
Shares issued	1,279,104	944,090	10,868	43,160	78,457	76,247	725,833	322,824
Shares issued on reinvestment of distributions	58,085	24,547	2,860	2,548	6,812	8,523	18,894	5,158
Shares redeemed	(851,297)	(452,689)	(25,217)	(4,388)	(40,829)	(52,686)	(370,705)	(29,618)
Balance - end of period	2,386,651	1,900,759	76,929	88,418	272,476	228,036	937,471	563,449

	Series FT5		Series FT8		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	27,727,637	24,255,144	64,155,428	47,674,476
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (8,914)	-	(3,463)	-	(311,938)	2,523,087	(2,031,208)	4,867,137
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 373,557	-	70,000	-	8,517,980	8,550,130	36,078,486	26,235,692
Redemption of redeemable shares	\$ (733)	-	(443)	-	(14,048,141)	(7,600,726)	(30,632,803)	(14,401,601)
Reinvestment of distributions to holders of redeemable shares	\$ 16,544	-	2,272	-	713,948	393,797	1,846,425	921,264
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 389,368	-	71,829	-	(4,816,213)	1,343,201	7,292,108	12,755,355
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (219)	-	(219)	-	(598,425)	(279,357)	(1,464,779)	(565,546)
From net investment income	\$ (1,952)	-	(353)	-	(115,523)	(114,438)	(359,316)	(264,679)
Return of capital	\$ (14,373)	-	(2,772)	-	-	-	(355,919)	(311,315)
	\$ (16,544)	-	(3,344)	-	(713,948)	(393,795)	(2,180,014)	(1,141,540)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 363,910	-	65,022	-	(5,842,099)	3,472,493	3,080,886	16,480,952
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 363,910	-	65,022	-	21,885,538	27,727,637	67,236,314	64,155,428
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	2,234,508	2,123,592	5,015,170	4,016,538
Shares issued	24,781	-	4,630	-	687,749	716,271	2,811,422	2,102,592
Shares issued on reinvestment of distributions	1,128	-	154	-	58,889	33,387	146,822	74,163
Shares redeemed	(49)	-	(30)	-	(1,139,800)	(638,742)	(2,427,927)	(1,178,123)
Balance - end of period	25,860	-	4,754	-	1,841,346	2,234,508	5,545,487	5,015,170

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Growth Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(2,031,208)	4,867,137
Adjustments for:		
Net realized (gain) loss on sale of investments	(523,725)	(481,377)
Change in unrealized (appreciation) depreciation in value of investments	6,474,095	(2,179,384)
Non-cash income distributions from underlying funds	(4,917,754)	(3,049,646)
Purchases of investments	(18,806,304)	(27,783,269)
Proceeds from sale of investments	15,256,917	17,118,501
Change in accrued interest	(12,405)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	6,910	(23,811)
Change in other payables and accrued expenses	338	(5,095)
Change in income tax payable	(34,176)	898
Net Cash Provided by (Used in) Operating Activities	(4,587,312)	(11,536,046)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(333,550)	(219,194)
Proceeds from redeemable shares issued	35,721,192	26,217,990
Redemption of redeemable shares	(30,628,328)	(14,401,601)
Net Cash Provided by (Used in) Financing Activities	4,759,314	11,597,195
Net increase (decrease) in cash	172,002	61,149
Cash (bank indebtedness) at beginning of period	(31,436)	(92,585)
Cash (bank indebtedness) at end of period	140,566	(31,436)
Interest received	-	1,251
Income taxes paid	(142,039)	(177,399)
Interest paid	(9,898)	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Granite Balanced Growth Portfolio, Series I	5,074,271	71,287,265	66,925,073	
		71,287,265	66,925,073	99.54
Total Investments		71,287,265	66,925,073	99.54
Other Assets less Liabilities			311,241	0.46
Total Net Assets			67,236,314	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Granite Balanced Growth Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Granite Balanced Growth Portfolio (the "Underlying Portfolio"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Portfolio.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Portfolio holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Balanced Growth Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Portfolio.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Portfolio.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Portfolio's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Portfolio's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
U.S. Equities	11.4	11.6
Mutual Funds		
Canadian Fixed Income	12.9	12.9
International Equities	13.8	16.4
Tactical Balanced	9.2	10.2
Canadian Equities	16.0	14.9
U.S. Equities	9.4	7.7
Global Equities	2.3	1.1
High Yield Fixed Income	3.1	4.2
Canadian Focused Equities	4.8	4.8
Global Fixed Income	2.1	2.0
Emerging Markets Equities	4.4	3.4
U.S. Small/Mid Cap Equities	-	2.3
U.S. Fixed Income	3.7	2.4
Real Estate Equities	1.3	2.2
Global Small/Mid Cap Equities	3.8	2.2
Canadian Money Market	1.0	-
Canadian Small/Mid Cap Equities	-	1.5
Other Assets less Liabilities	0.8	0.2
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	66,925,073	-	-	66,925,073

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	64,316,245	-	-	64,316,245

The accompanying notes are an integral part of the financial statements.

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series FT5	718	10,105
Series FT8	739	10,106

	December 31, 2017	
	Shares	Market Value (\$)
Series FT5	-	-
Series FT8	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,016	-	750
Series FT8	10,016	-	1,047

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	15	11,089	118
Series FT5	-	-	-
Series FT8	-	-	-

Sun Life Granite Balanced Growth Class (continued)

Interest in Underlying Portfolios

The Fund invests in redeemable units of the Underlying Portfolio to gain exposure to the investment objectives and strategies of the Underlying Portfolio. The Underlying Portfolio is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Portfolio's net assets. The Fund does not provide additional financial or other support to the Underlying Portfolio. The Underlying Portfolio was established in and carries out its operations in Canada. The Fund's interest in the Underlying Portfolio is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Portfolio.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 19, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Conservative Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	170,501,109	193,080,773
Cash	1,261,196	171,240
Due from investment dealers	3,684	-
Accrued interest	38,554	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	232,311	599,172
	172,036,854	193,851,185
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	7,819	9,406
Redemptions payable	5,506	31,066
Distributions payable	-	2,239
Due to investment dealers	94,344	490,209
Management fees payable	47,692	37,721
Income tax payable	662,706	912,566
Total liabilities (excluding net assets attributable to holders of redeemable shares)	818,067	1,483,207
Net Assets Attributable to Holders of Redeemable Shares	171,218,787	192,367,978
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	73,395,733	74,129,411
Series AT5	8,419,825	7,017,836
Series F	26,340,728	20,406,251
Series FT5	847,408	-
Series O	62,215,093	90,814,480
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	11.13	11.59
Series AT5	12.75	13.90
Series F	11.64	12.01
Series FT5	14.22	-
Series O	11.34	11.60

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	48,158	2,901
Distributions from underlying funds	8,638,060	8,665,371
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	(206,075)	245,221
Change in unrealized appreciation (depreciation) in value of investments	(8,766,718)	1,001,808
Net gains (losses) on investments	(286,575)	9,915,301
Total income (loss)	(286,575)	9,915,301
Expenses (note 6)		
Management fees	1,623,398	1,267,342
Administration fees	333,405	301,128
Independent review committee fees	3,496	3,408
Total operating expenses	1,960,299	1,571,878
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(2,246,874)	8,343,423
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(2,246,874)	8,343,423
Income taxes	691,790	1,035,683
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(2,938,664)	7,307,740
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(1,871,840)	2,538,455
Series AT5	(170,550)	194,175
Series F	(426,377)	430,346
Series FT5	(5,061)	-
Series O	(464,836)	4,144,764
Weighted Average Number of Shares Outstanding		
Series A	6,708,091	5,802,083
Series AT5	526,581	359,675
Series F	2,128,569	924,697
Series FT5	37,348	-
Series O	6,854,874	6,913,894
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.28)	0.44
Series AT5	(0.32)	0.54
Series F	(0.20)	0.47
Series FT5	(0.14)	-
Series O	(0.07)	0.60

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Conservative Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 74,129,411	56,150,773	7,017,836	3,979,509	20,406,251	6,310,069
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,871,840)	2,538,455	(170,550)	194,175	(426,377)	430,346
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 35,268,309	37,224,558	3,760,359	4,189,668	16,119,821	18,142,910
Redemption of redeemable shares	\$ (34,130,147)	(21,803,062)	(1,813,855)	(1,174,415)	(9,746,778)	(4,470,627)
Reinvestment of distributions to holders of redeemable shares	\$ 1,193,194	549,286	208,209	134,886	348,499	85,425
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 2,331,356	15,970,782	2,154,713	3,150,139	6,721,542	13,757,708
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (1,018,067)	(369,546)	(87,830)	(27,168)	(297,626)	(50,737)
From net investment income	\$ (175,127)	(146,502)	(20,256)	(14,492)	(63,062)	(39,507)
Return of capital	\$ -	(14,551)	(474,088)	(264,327)	-	(1,628)
	\$ (1,193,194)	(530,599)	(582,174)	(305,987)	(360,688)	(91,872)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (733,678)	17,978,638	1,401,989	3,038,327	5,934,477	14,096,182
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 73,395,733	74,129,411	8,419,825	7,017,836	26,340,728	20,406,251
Redeemable Share Transactions						
Balance - beginning of period	6,398,727	5,007,094	504,946	281,267	1,699,309	547,307
Shares issued	3,090,833	3,247,565	275,970	297,202	1,355,924	1,525,356
Shares issued on reinvestment of distributions	104,426	45,738	14,997	9,593	28,547	7,207
Shares redeemed	(3,000,749)	(1,901,670)	(135,560)	(83,116)	(820,422)	(380,561)
Balance - end of period	6,593,237	6,398,727	660,353	504,946	2,263,358	1,699,309

	Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	90,814,480	59,616,757	192,367,978	126,057,108
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (5,061)	-	(464,836)	4,144,764	(2,938,664)	7,307,740
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 942,962	-	20,406,857	44,198,444	76,498,308	103,755,580
Redemption of redeemable shares	\$ (65,000)	-	(48,537,743)	(17,145,629)	(94,293,523)	(44,593,733)
Reinvestment of distributions to holders of redeemable shares	\$ 2,735	-	1,276,299	586,297	3,028,936	1,355,894
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 880,697	-	(26,854,587)	27,639,112	(14,766,279)	60,517,741
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (1,408)	-	(1,130,875)	(407,123)	(2,535,806)	(854,574)
From net investment income	\$ (1,650)	-	(149,089)	(179,030)	(409,184)	(379,531)
Return of capital	\$ (25,170)	-	-	-	(499,258)	(280,506)
	\$ (28,228)	-	(1,279,964)	(586,153)	(3,444,248)	(1,514,611)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 847,408	-	(28,599,387)	31,197,723	(21,149,191)	66,310,870
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 847,408	-	62,215,093	90,814,480	171,218,787	192,367,978
Redeemable Share Transactions						
Balance - beginning of period	-	-	7,829,826	5,399,132	16,432,808	11,234,800
Shares issued	63,764	-	1,770,815	3,879,743	6,557,306	8,949,866
Shares issued on reinvestment of distributions	183	-	111,839	51,916	259,992	114,454
Shares redeemed	(4,344)	-	(4,224,677)	(1,500,965)	(8,185,752)	(3,866,312)
Balance - end of period	59,603	-	5,487,803	7,829,826	15,064,354	16,432,808

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Conservative Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(2,938,664)	7,307,740
Adjustments for:		
Net realized (gain) loss on sale of investments	206,075	(245,221)
Change in unrealized (appreciation) depreciation in value of investments	8,766,718	(1,001,808)
Non-cash income distributions from underlying funds	(8,638,060)	(8,665,371)
Purchases of investments	(40,531,826)	(73,987,736)
Proceeds from sale of investments	62,377,208	17,506,614
Change in accrued interest	(38,554)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	9,971	(58,065)
Change in other payables and accrued expenses	(1,587)	(12,234)
Change in income tax payable	(249,860)	381,853
Net Cash Provided by (Used in) Operating Activities	18,961,421	(58,774,228)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(417,551)	(156,594)
Proceeds from redeemable shares issued	76,865,169	103,370,539
Redemption of redeemable shares	(94,319,083)	(44,605,779)
Net Cash Provided by (Used in) Financing Activities	(17,871,465)	58,608,166
Net increase (decrease) in cash	1,089,956	(166,062)
Cash (bank indebtedness) at beginning of period	171,240	337,302
Cash (bank indebtedness) at end of period	1,261,196	171,240
Interest received	9,604	2,901
Income taxes paid	(941,650)	(653,830)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Granite Conservative Portfolio, Series I	15,176,834	180,534,340	170,501,109	
		180,534,340	170,501,109	99.58
Total Investments		180,534,340	170,501,109	99.58
Other Assets less Liabilities			717,678	0.42
Total Net Assets			171,218,787	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Granite Conservative Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Granite Conservative Portfolio (the "Underlying Portfolio"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Portfolio.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Portfolio holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Conservative Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Portfolio.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Portfolio.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Portfolio's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Portfolio's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
U.S. Equities	3.0	4.8
Mutual Funds		
Canadian Fixed Income	40.9	41.1
Tactical Balanced	9.9	11.8
U.S. Fixed Income	9.5	7.6
High Yield Fixed Income	4.7	7.4
International Equities	5.5	6.9
Canadian Equities	7.0	5.7
Global Fixed Income	3.7	3.6
U.S. Equities	3.7	3.1
Canadian Focused Equities	2.1	1.9
Emerging Markets Equities	1.2	1.4
Real Estate Equities	0.7	1.1
Global Equities	1.1	0.9
U.S. Small/Mid Cap Equities	-	0.9
Global Small/Mid Cap Equities	1.4	0.8
Canadian Small/Mid Cap Equities	-	0.6
Canadian Money Market	5.4	-
Other Assets less Liabilities	0.2	0.4
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	170,501,109	-	-	170,501,109
December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	193,080,773	-	-	193,080,773

The accompanying notes are an integral part of the financial statements.

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series FT5	710	10,098
December 31, 2017		
	Shares	Market Value (\$)
Series FT5	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,016	-	627
December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	23	10,682	64
Series FT5	-	-	-

Sun Life Granite Conservative Class (continued)

Interest in Underlying Portfolios

The Fund invests in redeemable units of the Underlying Portfolio to gain exposure to the investment objectives and strategies of the Underlying Portfolio. The Underlying Portfolio is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Portfolio's net assets. The Fund does not provide additional financial or other support to the Underlying Portfolio. The Underlying Portfolio was established in and carries out its operations in Canada. The Fund's interest in the Underlying Portfolio is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Portfolio.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Growth Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	48,060,237	40,546,730
Cash	324,493	539,680
Due from investment dealers	-	-
Accrued interest	3,539	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	17,514	214,591
	48,405,783	41,301,001
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	2,469	1,956
Redemptions payable	2,000	1,000
Distributions payable	4,443	426
Due to investment dealers	74,763	565,908
Management fees payable	14,126	10,424
Income tax payable	49,146	77,047
Total liabilities (excluding net assets attributable to holders of redeemable shares)	146,947	656,761
Net Assets Attributable to Holders of Redeemable Shares	48,258,836	40,644,240
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	18,060,592	17,195,639
Series AT5	127,884	143,436
Series AT8	791,629	504,230
Series F	9,132,546	5,606,379
Series FT5	10,093	-
Series FT8	10,092	-
Series O	20,126,000	17,194,556
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	12.24	13.07
Series AT5	14.00	15.76
Series AT8	11.75	13.67
Series F	12.98	13.71
Series FT5	14.07	-
Series FT8	13.68	-
Series O	11.93	12.48

Approved on behalf of the Board of Directors of the Corporation

"signed" Rick Headrick
President

"signed" Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	3,893	87
Distributions from underlying funds	3,496,475	1,927,206
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	230,333	151,822
Change in unrealized appreciation (depreciation) in value of investments	(4,645,406)	1,205,240
Net gains (losses) on investments	(914,705)	3,284,355
Total income (loss)	(914,705)	3,284,355
Expenses (note 6)		
Management fees	470,834	322,638
Administration fees	80,666	57,204
Independent review committee fees	847	654
Total operating expenses	552,347	380,496
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(1,467,052)	2,903,859
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(1,467,052)	2,903,859
Income taxes	47,596	91,928
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(1,514,648)	2,811,931
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(783,921)	1,143,518
Series AT5	(5,230)	7,420
Series AT8	(49,295)	27,383
Series F	(291,868)	293,562
Series FT5	93	-
Series FT8	92	-
Series O	(384,519)	1,340,048
Weighted Average Number of Shares Outstanding		
Series A	1,419,613	1,075,091
Series AT5	9,117	7,203
Series AT8	62,024	25,347
Series F	501,972	255,747
Series FT5	694	-
Series FT8	703	-
Series O	1,590,066	1,116,830
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.55)	1.06
Series AT5	(0.57)	1.03
Series AT8	(0.79)	1.08
Series F	(0.58)	1.15
Series FT5	0.13	-
Series FT8	0.13	-
Series O	(0.24)	1.20

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Growth Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 17,195,639	10,016,630	143,436	60,907	504,230	157,770	5,606,379	1,512,499
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (783,921)	1,143,518	(5,230)	7,420	(49,295)	27,383	(291,868)	293,562
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 8,787,649	8,962,782	18	80,512	815,573	503,083	5,166,279	4,007,999
Redemption of redeemable shares	\$ (7,138,775)	(2,927,299)	(5,400)	(5,400)	(399,075)	(151,445)	(1,339,977)	(199,534)
Reinvestment of distributions to holders of redeemable shares	\$ 455,468	224,323	5,821	7,203	9,502	3,383	171,984	46,203
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 2,104,342	6,259,806	439	82,315	426,000	355,021	3,998,286	3,854,668
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (338,899)	(140,273)	(2,745)	(832)	(14,579)	(4,072)	(121,261)	(27,975)
From net investment income	\$ (116,569)	(82,099)	(830)	(685)	(5,184)	(2,429)	(58,990)	(26,063)
Return of capital	\$ -	(1,943)	(7,186)	(5,689)	(69,543)	(29,443)	-	(312)
	\$ (455,468)	(224,315)	(10,761)	(7,206)	(89,306)	(35,944)	(180,251)	(54,350)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 864,953	7,179,009	(15,552)	82,529	287,399	346,460	3,526,167	4,093,880
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 18,060,592	17,195,639	127,884	143,436	791,629	504,230	9,132,546	5,606,379
Redeemable Share Transactions								
Balance - beginning of period	1,315,727	819,988	9,102	3,952	36,894	11,386	408,974	119,296
Shares issued	675,312	710,096	13	5,034	60,294	36,246	378,785	301,082
Shares issued on reinvestment of distributions	35,714	17,780	374	461	693	244	12,626	3,476
Shares redeemed	(551,668)	(232,137)	(354)	(345)	(30,524)	(10,982)	(96,788)	(14,880)
Balance - end of period	1,475,085	1,315,727	9,135	9,102	67,357	36,894	703,597	408,974

	Series FT5		Series FT8		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	17,194,556	9,502,524	40,644,240	21,250,330
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 93	-	92	-	(384,519)	1,340,048	(1,514,648)	2,811,931
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 10,000	-	10,000	-	7,655,554	9,444,729	22,445,073	22,999,105
Redemption of redeemable shares	\$ -	-	-	-	(4,339,591)	(3,093,328)	(13,222,818)	(6,377,006)
Reinvestment of distributions to holders of redeemable shares	\$ 742	-	1,037	-	504,840	207,973	1,149,394	489,085
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 10,742	-	11,037	-	3,820,803	6,559,374	10,371,649	17,111,184
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (200)	-	(200)	-	(374,773)	(125,500)	(852,657)	(298,652)
From net investment income	\$ (65)	-	(65)	-	(130,067)	(81,890)	(311,770)	(193,166)
Return of capital	\$ (477)	-	(772)	-	-	-	(77,978)	(37,387)
	\$ (742)	-	(1,037)	-	(504,840)	(207,390)	(1,242,405)	(529,205)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 10,093	-	10,092	-	2,931,444	7,692,032	7,614,596	19,393,910
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 10,093	-	10,092	-	20,126,000	17,194,556	48,258,836	40,644,240
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	1,377,959	831,708	3,148,656	1,786,330
Shares issued	666	-	667	-	615,318	786,917	1,731,055	1,839,375
Shares issued on reinvestment of distributions	51	-	71	-	41,396	17,470	90,925	39,431
Shares redeemed	-	-	-	-	(348,211)	(258,136)	(1,027,545)	(516,480)
Balance - end of period	717	-	738	-	1,686,462	1,377,959	3,943,091	3,148,656

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Growth Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(1,514,648)	2,811,931
Adjustments for:		
Net realized (gain) loss on sale of investments	(230,333)	(151,822)
Change in unrealized (appreciation) depreciation in value of investments	4,645,406	(1,205,240)
Non-cash income distributions from underlying funds	(3,496,475)	(1,927,206)
Purchases of investments	(15,606,774)	(19,925,779)
Proceeds from sale of investments	6,683,524	4,493,279
Change in accrued interest	(3,539)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	3,702	(10,521)
Change in other payables and accrued expenses	513	(1,639)
Change in income tax payable	(27,901)	32,196
Net Cash Provided by (Used in) Operating Activities	(9,546,525)	(15,884,801)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(88,994)	(39,788)
Proceeds from redeemable shares issued	22,642,150	22,838,890
Redemption of redeemable shares	(13,221,818)	(6,377,006)
Net Cash Provided by (Used in) Financing Activities	9,331,338	16,422,096
Net increase (decrease) in cash	(215,187)	537,295
Cash (bank indebtedness) at beginning of period	539,680	2,385
Cash (bank indebtedness) at end of period	324,493	539,680
Interest received	354	87
Income taxes paid	(75,497)	(59,732)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Granite Growth Portfolio, Series I	3,611,949	51,495,016	48,060,237	
		51,495,016	48,060,237	99.59
Total Investments		51,495,016	48,060,237	99.59
Other Assets less Liabilities			198,599	0.41
Total Net Assets			48,258,836	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Granite Growth Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Granite Growth Portfolio (the "Underlying Portfolio"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Portfolio.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Portfolio holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Growth Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Portfolio.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Portfolio.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Portfolio's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Portfolio's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
U.S. Equities	13.6	13.2
Mutual Funds		
International Equities	16.2	18.7
Canadian Equities	18.1	16.8
Tactical Balanced	8.7	9.8
Canadian Fixed Income	6.8	6.6
Global Equities	2.6	1.3
U.S. Equities	10.7	8.8
Real Estate Equities	1.4	2.7
Canadian Focused Equities	5.6	5.5
High Yield Fixed Income	2.4	3.5
Emerging Markets Equities	4.8	3.8
U.S. Small/Mid Cap Equities	-	2.6
U.S. Fixed Income	1.7	0.4
Global Fixed Income	1.6	1.5
Global Small/Mid Cap Equities	4.3	2.4
Canadian Money Market	1.0	-
Canadian Small/Mid Cap Equities	-	1.8
Other Assets less Liabilities	0.5	0.6
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	48,060,237	-	-	48,060,237

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	40,546,730	-	-	40,546,730

The accompanying notes are an integral part of the financial statements.

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series AT5	1,036	14,506
Series FT5	717	10,093
Series FT8	738	10,093

	December 31, 2017	
	Shares	Market Value (\$)
Series AT5	956	15,064
Series FT5	-	-
Series FT8	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	37	-	1,170
Series AT8	-	-	-
Series F	-	-	-
Series FT5	10,017	-	742
Series FT8	10,017	-	1,038

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	37	-	974
Series AT8	20	14,604	658
Series F	15	11,196	145
Series FT5	-	-	-
Series FT8	-	-	-

Sun Life Granite Growth Class (continued)

Interest in Underlying Portfolios

The Fund invests in redeemable units of the Underlying Portfolio to gain exposure to the investment objectives and strategies of the Underlying Portfolio. The Underlying Portfolio is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Portfolio's net assets. The Fund does not provide additional financial or other support to the Underlying Portfolio. The Underlying Portfolio was established in and carries out its operations in Canada. The Fund's interest in the Underlying Portfolio is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Portfolio.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Moderate Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	113,901,049	98,859,917
Cash	574,280	70,153
Due from investment dealers	536,184	-
Accrued interest	5,608	-
Distributions receivable from underlying funds	2,373	-
Subscriptions receivable	65,601	411,280
	115,085,095	99,341,350
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	-	4,795
Redemptions payable	43,300	92
Distributions payable	-	27
Due to investment dealers	31,010	410,476
Management fees payable	34,651	24,955
Income tax payable	317,468	351,154
Total liabilities (excluding net assets attributable to holders of redeemable shares)	426,429	791,499
Net Assets Attributable to Holders of Redeemable Shares	114,658,666	98,549,851
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	45,310,048	42,756,718
Series AT5	7,723,105	7,026,318
Series F	15,458,182	6,507,862
Series FT5	1,980,358	-
Series O	44,186,973	42,258,953
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	11.68	12.32
Series AT5	13.33	14.80
Series F	12.38	12.91
Series FT5	14.14	-
Series O	11.75	12.15

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	3,697	2,340
Distributions from underlying funds	6,841,904	4,689,869
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	318,411	388,245
Change in unrealized appreciation (depreciation) in value of investments	(8,312,963)	2,280,719
Net gains (losses) on investments	(1,148,951)	7,361,173
Total income (loss)	(1,148,951)	7,361,173
Expenses (note 6)		
Management fees	1,137,386	867,654
Administration fees	195,288	163,114
Independent review committee fees	2,033	1,836
Total operating expenses	1,334,707	1,032,604
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(2,483,658)	6,328,569
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(2,483,658)	6,328,569
Income taxes	304,674	417,214
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(2,788,332)	5,911,355
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(1,507,784)	2,182,894
Series AT5	(272,113)	369,786
Series F	(355,399)	321,104
Series FT5	(30,543)	-
Series O	(622,493)	3,037,571
Weighted Average Number of Shares Outstanding		
Series A	3,751,045	3,119,563
Series AT5	525,098	416,527
Series F	910,981	360,932
Series FT5	80,897	-
Series O	3,680,199	3,316,605
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.40)	0.70
Series AT5	(0.52)	0.89
Series F	(0.39)	0.89
Series FT5	(0.38)	-
Series O	(0.17)	0.92

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Moderate Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 42,756,718	31,369,581	7,026,318	4,904,854	6,507,862	3,663,822
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,507,784)	2,182,894	(272,113)	369,786	(355,399)	321,104
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 17,237,846	19,614,645	3,339,354	2,809,341	13,310,361	3,591,741
Redemption of redeemable shares	\$ (13,176,732)	(10,404,578)	(1,980,140)	(807,220)	(4,004,642)	(1,066,924)
Reinvestment of distributions to holders of redeemable shares	\$ 940,847	417,488	176,067	133,283	196,230	54,481
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 5,001,961	9,627,555	1,535,281	2,135,404	9,501,949	2,579,298
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (760,063)	(272,045)	(128,765)	(43,153)	(134,693)	(33,992)
From net investment income	\$ (180,784)	(143,838)	(31,049)	(23,748)	(61,537)	(21,095)
Return of capital	\$ -	(7,429)	(406,567)	(316,825)	-	(1,275)
	\$ (940,847)	(423,312)	(566,381)	(383,726)	(196,230)	(56,362)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 2,553,330	11,387,137	696,787	2,121,464	8,950,320	2,844,040
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 45,310,048	42,756,718	7,723,105	7,026,318	15,458,182	6,507,862
Redeemable Share Transactions						
Balance - beginning of period	3,470,513	2,671,442	474,747	330,913	504,166	301,028
Shares issued	1,417,228	1,628,306	231,217	188,480	1,046,082	283,476
Shares issued on reinvestment of distributions	79,844	34,611	11,862	8,975	15,057	4,328
Shares redeemed	(1,089,036)	(863,846)	(138,563)	(53,621)	(316,508)	(84,666)
Balance - end of period	3,878,549	3,470,513	579,263	474,747	1,248,797	504,166

	Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	42,258,953	32,190,101	98,549,851	72,128,358
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (30,543)	-	(622,493)	3,037,571	(2,788,332)	5,911,355
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 2,085,270	-	11,191,523	15,605,321	47,164,354	41,621,048
Redemption of redeemable shares	\$ (61,080)	-	(8,641,010)	(8,573,949)	(27,863,604)	(20,852,671)
Reinvestment of distributions to holders of redeemable shares	\$ 55,311	-	906,360	438,964	2,274,815	1,044,216
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 2,079,501	-	3,456,873	7,470,336	21,575,565	21,812,593
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (687)	-	(729,956)	(296,789)	(1,754,164)	(645,979)
From net investment income	\$ (7,924)	-	(176,404)	(142,266)	(457,698)	(330,947)
Return of capital	\$ (59,989)	-	-	-	(466,556)	(325,529)
	\$ (68,600)	-	(906,360)	(439,055)	(2,678,418)	(1,302,455)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 1,980,358	-	1,928,020	10,068,852	16,108,815	26,421,493
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 1,980,358	-	44,186,973	42,258,953	114,658,666	98,549,851
Redeemable Share Transactions						
Balance - beginning of period	-	-	3,479,109	2,834,432	7,928,535	6,137,815
Shares issued	140,350	-	925,749	1,331,748	3,760,626	3,432,010
Shares issued on reinvestment of distributions	3,751	-	76,372	37,515	186,886	85,429
Shares redeemed	(4,045)	-	(719,516)	(724,586)	(2,267,668)	(1,726,719)
Balance - end of period	140,056	-	3,761,714	3,479,109	9,608,379	7,928,535

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Moderate Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(2,788,332)	5,911,355
Adjustments for:		
Net realized (gain) loss on sale of investments	(318,411)	(388,245)
Change in unrealized (appreciation) depreciation in value of investments	8,312,963	(2,280,719)
Non-cash income distributions from underlying funds	(6,841,904)	(4,689,869)
Purchases of investments	(30,446,832)	(28,629,199)
Proceeds from sale of investments	13,337,402	9,778,292
Change in accrued interest	(5,608)	-
Change in distributions receivable from underlying funds	(2,373)	-
Change in management fees payable	9,696	(37,955)
Change in other payables and accrued expenses	(4,795)	(7,552)
Change in income tax payable	(33,686)	98,216
Net Cash Provided by (Used in) Operating Activities	(18,781,880)	(20,245,676)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(403,630)	(258,343)
Proceeds from redeemable shares issued	47,510,033	41,346,311
Redemption of redeemable shares	(27,820,396)	(20,860,582)
Net Cash Provided by (Used in) Financing Activities	19,286,007	20,227,386
Net increase (decrease) in cash	504,127	(18,290)
Cash (bank indebtedness) at beginning of period	70,153	88,443
Cash (bank indebtedness) at end of period	574,280	70,153
Interest received	-	2,340
Income taxes paid	(338,360)	(318,998)
Interest paid	(1,911)	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Granite Moderate Portfolio, Series I	9,117,992	119,755,141	113,901,049	
		119,755,141	113,901,049	99.34
Total Investments		119,755,141	113,901,049	99.34
Other Assets less Liabilities			757,617	0.66
Total Net Assets			114,658,666	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Granite Moderate Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Granite Moderate Portfolio (the "Underlying Portfolio"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Portfolio.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Portfolio holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. The Fund is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The accompanying notes are an integral part of the financial statements.

Sun Life Granite Moderate Class (continued)

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Portfolio.

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Portfolio.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Portfolio's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Portfolio's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Exchange-Traded Funds		
U.S. Equities	6.7	8.1
Mutual Funds		
Canadian Fixed Income	25.2	25.4
Tactical Balanced	9.4	11.0
Canadian Equities	11.4	10.1
International Equities	9.5	11.5
High Yield Fixed Income	4.0	6.8
Global Fixed Income	2.9	2.8
U.S. Equities	6.6	5.5
Global Equities	1.7	1.1
Canadian Focused Equities	3.5	3.3
Real Estate Equities	1.2	1.7
U.S. Small/Mid Cap Equities	-	1.6
U.S. Fixed Income	7.3	5.7
Emerging Markets Equities	2.6	2.5
Canadian Money Market	4.7	-
Global Small/Mid Cap Equities	2.7	1.5
Canadian Small/Mid Cap Equities	-	1.1
Other Assets less Liabilities	0.6	0.3
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	113,901,049	-	-	113,901,049
December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	98,859,917	-	-	98,859,917

The accompanying notes are an integral part of the financial statements.

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held no seed capital positions.

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,001	10,586	345
December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	15	10,929	84
Series FT5	-	-	-

Interest in Underlying Portfolios

The Fund invests in redeemable units of the Underlying Portfolio to gain exposure to the investment objectives and strategies of the Underlying Portfolio. The Underlying Portfolio is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Portfolio's net assets. The Fund does not provide additional financial or other support to the Underlying Portfolio. The Underlying Portfolio was established in and carries out its operations in Canada. The Fund's interest in the Underlying Portfolio is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Portfolio.

Sun Life Granite Moderate Class (continued)

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class

(formerly Sun Life MFS Canadian Equity Class)

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	893,827	931,550
Cash	3,877	-
Due from investment dealers	-	13,380
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	-	83
	897,704	945,013
Liabilities		
Current Liabilities		
Bank indebtedness	-	13,509
Accrued expenses	45	41
Redemptions payable	-	-
Distributions payable	-	-
Due to investment dealers	178	173
Management fees payable	402	449
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	625	14,172
Net Assets Attributable to Holders of Redeemable Shares	897,079	930,841
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	579,206	582,644
Series AT5	88,298	227,746
Series F	30,794	26,072
Series FT5	9,955	-
Series O	188,826	94,379
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.30	11.66
Series AT5	11.72	13.99
Series F	10.91	12.21
Series FT5	13.75	-
Series O	10.05	11.14

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	32	-
Distributions from underlying funds	48,031	10,011
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	27,370	18,197
Change in unrealized appreciation (depreciation) in value of investments	(138,918)	47,833
Net gains (losses) on investments	(63,485)	76,041
Total income (loss)	(63,485)	76,041
Expenses (note 6)		
Management fees	13,870	16,249
Administration fees	1,419	1,456
Independent review committee fees	14	17
Total operating expenses	15,303	17,722
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(78,788)	58,319
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(78,788)	58,319
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)		
	(78,788)	58,319
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(51,557)	34,590
Series AT5	(7,087)	14,418
Series F	(2,382)	1,779
Series FT5	(64)	-
Series O	(17,698)	7,532
Weighted Average Number of Shares Outstanding		
Series A	48,897	50,596
Series AT5	8,818	12,625
Series F	2,376	2,109
Series FT5	691	-
Series O	12,160	9,140
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(1.05)	0.68
Series AT5	(0.80)	1.14
Series F	(1.00)	0.84
Series FT5	(0.09)	-
Series O	(1.46)	0.82

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class (continued)

(formerly Sun Life MFS Canadian Equity Class)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 582,644	627,124	227,746	130,602	26,072	24,252
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (51,557)	34,590	(7,087)	14,418	(2,382)	1,779
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 236,921	109,030	9	100,050	7,104	40
Redemption of redeemable shares	\$ (188,802)	(187,808)	(132,370)	(13,380)	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 20,045	6,207	9,313	7,658	1,007	310
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 68,164	(72,571)	(123,048)	94,328	8,111	350
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (8,476)	-	(1,814)	-	(392)	-
From net investment income	\$ (11,569)	(6,266)	(1,764)	(2,449)	(615)	(280)
Return of capital	\$ -	(233)	(5,735)	(9,153)	-	(29)
	\$ (20,045)	(6,499)	(9,313)	(11,602)	(1,007)	(309)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (3,438)	(44,480)	(139,448)	97,144	4,722	1,820
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 579,206	582,644	88,298	227,746	30,794	26,072
Redeemable Share Transactions						
Balance - beginning of period	49,984	56,465	16,280	9,314	2,135	2,106
Shares issued	21,088	9,590	7	7,358	597	4
Shares issued on reinvestment of distributions	1,886	529	725	551	90	25
Shares redeemed	(16,727)	(16,600)	(9,475)	(943)	-	-
Balance - end of period	56,231	49,984	7,537	16,280	2,822	2,135

	Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	94,379	75,915	930,841	857,893
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (64)	-	(17,698)	7,532	(78,788)	58,319
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 10,019	-	135,059	30,358	389,112	239,478
Redemption of redeemable shares	\$ -	-	(22,914)	(19,427)	(344,086)	(220,615)
Reinvestment of distributions to holders of redeemable shares	\$ 835	-	5,127	1,017	36,327	15,192
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 10,854	-	117,272	11,948	81,353	34,055
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (161)	-	(1,352)	-	(12,195)	-
From net investment income	\$ (199)	-	(3,775)	(1,016)	(17,922)	(10,011)
Return of capital	\$ (475)	-	-	-	(6,210)	(9,415)
	\$ (835)	-	(5,127)	(1,016)	(36,327)	(19,426)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 9,955	-	94,447	18,464	(33,762)	72,948
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 9,955	-	188,826	94,379	897,079	930,841
Redeemable Share Transactions						
Balance - beginning of period	-	-	8,471	7,307	76,870	75,192
Shares issued	667	-	11,933	2,852	34,292	19,804
Shares issued on reinvestment of distributions	57	-	504	92	3,262	1,197
Shares redeemed	-	-	(2,111)	(1,780)	(28,313)	(19,323)
Balance - end of period	724	-	18,797	8,471	86,111	76,870

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class (continued)

(formerly Sun Life MFS Canadian Equity Class)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(78,788)	58,319
Adjustments for:		
Net realized (gain) loss on sale of investments	(27,370)	(18,197)
Change in unrealized (appreciation) depreciation in value of investments	138,918	(47,833)
Non-cash income distributions from underlying funds	(48,031)	(10,011)
Purchases of investments	(310,320)	(237,620)
Proceeds from sale of investments	297,911	231,231
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	(47)	(1,078)
Change in other payables and accrued expenses	4	(94)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(27,723)	(25,283)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	-	(4,235)
Proceeds from redeemable shares issued	389,195	239,478
Redemption of redeemable shares	(344,086)	(220,615)
Net Cash Provided by (Used in) Financing Activities	45,109	14,628
Net increase (decrease) in cash	17,386	(10,655)
Cash (bank indebtedness) at beginning of period	(13,509)	(2,854)
Cash (bank indebtedness) at end of period	3,877	(13,509)
Interest received	32	-
Income taxes paid	-	-
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life MFS Canadian Equity Growth Fund, Series I	18,508	930,647	893,827	
		930,647	893,827	99.64
Total Investments		930,647	893,827	99.64
Other Assets less Liabilities			3,252	0.36
Total Net Assets			897,079	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life MFS Canadian Equity Growth Class (formerly Sun Life MFS Canadian Equity Class) (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life MFS Canadian Equity Growth Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	1.20	-
AA/Aa	0.77	-
Total	1.97	-

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class (continued)

(formerly Sun Life MFS Canadian Equity Class)

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, indirectly through underlying internally managed funds, including cash and cash equivalents. It is therefore exposed to currency risk due to investments that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	Holdings Exposed to Currency Risk (\$CAD)		Holdings Exposed to Currency Risk (\$CAD)	
	December 31, 2018	Percentage of Net Assets (%)	December 31, 2017	Percentage of Net Assets (%)
United States Dollar	125,977	14.04	254	0.03
Euro	45,204	5.04	-	-
Swiss Franc	18,606	2.07	-	-
British Pound	16,879	1.88	-	-
Japanese Yen	11,810	1.32	-	-
Hong Kong Dollar	6,067	0.68	-	-
Australian Dollar	3,001	0.33	-	-
Singapore Dollar	1,969	0.22	-	-
Mexican Peso	1,796	0.20	-	-
Danish Krone	1,164	0.13	-	-
Korean Won	1,055	0.12	-	-
New Taiwan Dollar	591	0.07	-	-
Czech Koruna	404	0.05	-	-
Indian Rupee	(7)	-	-	-
Total	234,516	26.15	254	0.03

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$11,726 (\$13 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	17,638	-	-	17,638
December 31, 2017	-	-	-	-

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$10 (nil as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in publicly traded equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$43,857 (\$46,140 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class (continued)

(formerly Sun Life MFS Canadian Equity Class)

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	0.5	-
Promissory Note	1.5	-
Equities		
Energy	13.5	20.4
Materials	10.2	11.5
Industrials	14.4	14.6
Consumer Discretionary	4.9	5.9
Consumer Staples	8.2	4.2
Health Care	4.1	0.3
Financials	24.4	32.5
Real Estate	0.8	1.7
Information Technology	10.6	4.4
Telecommunication Services	-	2.7
Communication Services	6.5	-
Utilities	0.1	0.9
Other Assets less Liabilities	0.3	0.9
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	893,827	-	-	893,827

	December 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	931,550	-	-	931,550

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series A	17,439	179,624
Series AT5	1,106	12,955
Series F	2,219	24,215
Series FT5	724	9,955
Series O	-	-

	December 31, 2017	
	Shares	Market Value (\$)
Series A	16,776	195,556
Series AT5	1,009	14,111
Series F	2,135	26,072
Series FT5	-	-
Series O	1,120	12,477

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	34	-	6,526
Series AT5	63	-	1,204
Series F	473	-	876
Series FT5	10,017	-	835
Series O	-	11,944	188

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	479	-	2,102
Series AT5	35	-	831
Series F	64	-	280
Series FT5	-	-	-
Series O	-	101	134

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Canadian Equity Growth Class (continued)

(formerly Sun Life MFS Canadian Equity Class)

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

Fund Name Change

Effective June 18, 2018, the Fund changed its name from the Sun Life MFS Canadian Equity Class to the Sun Life MFS Canadian Equity Growth Class.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	23,310,995	16,582,403
Cash	15,917	-
Due from investment dealers	-	-
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	4,880	122,899
	23,331,792	16,705,302
Liabilities		
Current Liabilities		
Bank indebtedness	-	26,591
Accrued expenses	120	141
Redemptions payable	-	2,500
Distributions payable	-	-
Due to investment dealers	4,129	119,644
Management fees payable	950	949
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	5,199	149,825
Net Assets Attributable to Holders of Redeemable Shares	23,326,593	16,555,477
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	1,611,345	1,862,308
Series AT5	16,426	46,834
Series F	189,663	148,132
Series FT5	9,917	-
Series I	20,874,355	13,300,051
Series O	624,887	1,198,152
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.66	12.04
Series AT5	12.15	14.48
Series F	11.29	12.62
Series FT5	13.65	-
Series I	9.50	10.51
Series O	10.08	11.18

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	140	1
Distributions from underlying funds	1,047,436	476,003
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	95,994	143,768
Change in unrealized appreciation (depreciation) in value of investments	(2,652,315)	589,971
Net gains (losses) on investments	(1,508,745)	1,209,743
Total income (loss)	(1,508,745)	1,209,743
Expenses (note 6)		
Management fees	37,056	38,061
Administration fees	4,952	5,700
Independent review committee fees	57	73
Total operating expenses	42,065	43,834
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(1,550,810)	1,165,909
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(1,550,810)	1,165,909
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(1,550,810)	1,165,909
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(135,382)	110,139
Series AT5	(2,382)	3,174
Series F	(13,222)	35,265
Series FT5	(101)	-
Series I	(1,345,558)	926,780
Series O	(54,165)	90,551
Weighted Average Number of Shares Outstanding		
Series A	156,307	147,672
Series AT5	1,832	5,688
Series F	18,042	43,172
Series FT5	686	-
Series I	1,752,526	1,032,152
Series O	81,304	98,939
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.87)	0.75
Series AT5	(1.30)	0.56
Series F	(0.73)	0.82
Series FT5	(0.15)	-
Series I	(0.77)	0.90
Series O	(0.67)	0.92

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 1,862,308	1,622,817	46,834	44,283	148,132	1,014,029	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (135,382)	110,139	(2,382)	3,174	(13,222)	35,265	(101)	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 337,795	728,114	6,045	63,568	106,978	132,689	10,018	-
Redemption of redeemable shares	\$ (453,122)	(596,000)	(34,071)	(62,939)	(52,225)	(1,034,087)	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 62,643	50,880	2,060	4,413	7,606	7,566	853	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (52,684)	182,994	(25,966)	5,042	62,359	(893,832)	10,871	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (12,983)	(2,605)	(335)	(157)	(1,731)	(1,546)	(75)	-
From net investment income	\$ (49,914)	(50,856)	(508)	(1,277)	(5,875)	(4,039)	(307)	-
Return of capital	\$ -	(181)	(1,217)	(4,231)	-	(1,745)	(471)	-
	\$ (62,897)	(53,642)	(2,060)	(5,665)	(7,606)	(7,330)	(853)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (250,963)	239,491	(30,408)	2,551	41,531	(865,897)	9,917	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 1,611,345	1,862,308	16,426	46,834	189,663	148,132	9,917	-
Redeemable Share Transactions								
Balance - beginning of period	154,652	139,339	3,234	3,004	11,740	84,001	-	-
Shares issued	29,130	61,058	440	4,250	8,624	10,750	667	-
Shares issued on reinvestment of distributions	5,753	4,230	155	302	664	575	59	-
Shares redeemed	(38,380)	(49,975)	(2,477)	(4,322)	(4,232)	(83,586)	-	-
Balance - end of period	151,155	154,652	1,352	3,234	16,796	11,740	726	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 13,300,051	7,095,170	1,198,152	938,276	16,555,477	10,714,575
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,345,558)	926,780	(54,165)	90,551	(1,550,810)	1,165,909
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 10,804,737	6,343,830	82,541	300,852	11,348,114	7,569,053
Redemption of redeemable shares	\$ (1,884,875)	(1,068,442)	(601,641)	(131,527)	(3,025,934)	(2,892,995)
Reinvestment of distributions to holders of redeemable shares	\$ 747,465	375,150	27,360	34,063	847,987	472,072
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 9,667,327	5,650,538	(491,740)	203,388	9,170,167	5,148,130
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (100,987)	(12,867)	(7,988)	(1,414)	(124,099)	(18,589)
From net investment income	\$ (646,478)	(359,570)	(19,372)	(32,649)	(722,454)	(448,391)
Return of capital	\$ -	-	-	-	(1,688)	(6,157)
	\$ (747,465)	(372,437)	(27,360)	(34,063)	(848,241)	(473,137)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 7,574,304	6,204,881	(573,265)	259,876	6,771,116	5,840,902
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 20,874,355	13,300,051	624,887	1,198,152	23,326,593	16,555,477
Redeemable Share Transactions						
Balance - beginning of period	1,265,273	712,690	107,194	88,489	1,542,093	1,027,523
Shares issued	1,035,543	620,367	7,437	27,604	1,081,841	724,029
Shares issued on reinvestment of distributions	78,097	35,765	2,668	3,054	87,396	43,926
Shares redeemed	(181,500)	(103,549)	(55,335)	(11,953)	(281,924)	(253,385)
Balance - end of period	2,197,413	1,265,273	61,964	107,194	2,429,406	1,542,093

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(1,550,810)	1,165,909
Adjustments for:		
Net realized (gain) loss on sale of investments	(95,994)	(143,768)
Change in unrealized (appreciation) depreciation in value of investments	2,652,315	(589,971)
Non-cash income distributions from underlying funds	(1,047,436)	(476,003)
Purchases of investments	(10,834,349)	(7,048,719)
Proceeds from sale of investments	2,481,357	2,368,730
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	1	(2,384)
Change in other payables and accrued expenses	(21)	(327)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(8,394,937)	(4,726,533)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(254)	(3,778)
Proceeds from redeemable shares issued	11,466,133	7,592,281
Redemption of redeemable shares	(3,028,434)	(2,892,076)
Net Cash Provided by (Used in) Financing Activities	8,437,445	4,696,427
Net increase (decrease) in cash	42,508	(30,106)
Cash (bank indebtedness) at beginning of period	(26,591)	3,515
Cash (bank indebtedness) at end of period	15,917	(26,591)
Interest received	140	1
Income taxes paid	-	-
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life MFS Dividend Income Fund, Series I	1,918,032	24,690,015	23,310,995	
		24,690,015	23,310,995	99.93
Total Investments		24,690,015	23,310,995	99.93
Other Assets less Liabilities			15,598	0.07
Total Net Assets			23,326,593	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life MFS Dividend Income Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life MFS Dividend Income Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	1.37	-
Total	1.37	-

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class (continued)

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	Holdings Exposed to Currency Risk (\$CAD)		Holdings Exposed to Currency Risk (\$CAD)	
	December 31, 2018	Percentage of Net Assets (%)	December 31, 2017	Percentage of Net Assets (%)
United States Dollar	2,946,778	12.63	1,380,962	8.34
Euro	1,126,569	4.83	611,145	3.69
British Pound	537,367	2.30	387,974	2.34
Swiss Franc	536,454	2.30	323,526	1.95
South African Rand	134,769	0.58	145,390	0.88
Japanese Yen	-	-	348,248	2.10
Australian Dollar	-	-	184,658	1.12
Danish Krone	-	-	1,582	0.01
Total	5,281,937	22.64	3,383,485	20.43

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$264,097 (\$169,174 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	319,721	-	-	319,721
December 31, 2017	-	-	-	-

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$111 (\$nil as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in publicly traded equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$1,142,366 (\$815,446 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	1.4	-
Equities		
Energy	18.7	17.0
Materials	9.8	8.7
Industrials	11.0	11.4
Consumer Discretionary	5.4	3.3
Consumer Staples	5.2	4.5
Health Care	-	0.7
Financials	29.7	37.4
Real Estate	4.0	3.5
Information Technology	1.6	2.1
Telecommunication Services	-	4.9
Communication Services	5.5	-
Utilities	7.0	5.0
Other Assets less Liabilities	0.7	1.5
Total	100.0	100.0

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class (continued)

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	23,310,995	-	-	23,310,995

December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	16,582,403	-	-	16,582,403

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

December 31, 2018		
	Shares	Market Value (\$)
Series AT5	1,043	12,675
Series F	-	-
Series FT5	726	9,917
Series I	1,131	10,746

December 31, 2017		
	Shares	Market Value (\$)
Series AT5	949	13,745
Series F	924	11,656
Series FT5	-	-
Series I	1,088	11,438

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

December 31, 2018			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	33	-	1,197
Series F	11	11,892	82
Series FT5	10,016	-	853
Series I	-	-	413

December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	34	-	1,055
Series F	29	-	334
Series FT5	-	-	-
Series I	-	-	328

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, the Fund had significant interests in the Underlying Fund as noted in the following tables:

As at December 31, 2018		
Underlying Fund	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life MFS Dividend Income Fund	100	53

As at December 31, 2017		
Underlying Fund	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life MFS Dividend Income Fund	100	42

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Dividend Income Class (continued)

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Global Growth Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	20,250,777	13,736,503
Cash	48,029	-
Due from investment dealers	6,381	-
Accrued interest	1,484	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	8,263	65,039
	20,314,934	13,801,542
Liabilities		
Current Liabilities		
Bank indebtedness	-	5,366
Accrued expenses	1,002	612
Redemptions payable	1,000	1,230
Distributions payable	-	-
Due to investment dealers	3,104	5,861
Management fees payable	7,112	4,106
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	12,218	17,175
Net Assets Attributable to Holders of Redeemable Shares	20,302,716	13,784,367
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	8,792,797	5,566,097
Series AT5	815,624	692,603
Series AT8	538,916	397,343
Series F	3,330,919	1,449,702
Series FT5	10,506	-
Series FT8	148,277	-
Series O	6,665,677	5,678,622
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	16.57	16.46
Series AT5	19.05	19.89
Series AT8	16.15	17.39
Series F	17.36	17.06
Series FT5	14.83	-
Series FT8	14.43	-
Series O	15.67	15.20

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	2,125	990
Distributions from underlying funds	658,065	267,588
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	386,788	145,787
Change in unrealized appreciation (depreciation) in value of investments	(601,943)	1,818,006
Net gains (losses) on investments	445,035	2,232,371
Total income (loss)	445,035	2,232,371
Expenses (note 6)		
Management fees	206,490	131,746
Administration fees	29,845	18,406
Independent review committee fees	330	238
Total operating expenses	236,665	150,390
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	208,370	2,081,981
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	208,370	2,081,981
Income taxes	-	672
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	208,370	2,081,309
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	14,915	820,752
Series AT5	7,032	75,329
Series AT8	4,906	60,779
Series F	(21,859)	221,365
Series FT5	487	-
Series FT8	(6,373)	-
Series O	209,262	903,084
Weighted Average Number of Shares Outstanding		
Series A	436,089	297,462
Series AT5	38,071	24,410
Series AT8	30,097	19,212
Series F	138,709	72,290
Series FT5	690	-
Series FT8	4,872	-
Series O	397,302	317,561
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	0.03	2.76
Series AT5	0.18	3.09
Series AT8	0.16	3.16
Series F	(0.16)	3.06
Series FT5	0.71	-
Series FT8	(1.31)	-
Series O	0.53	2.84

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Global Growth Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 5,566,097	3,451,338	692,603	214,679	397,343	265,480	1,449,702	879,131
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 14,915	820,752	7,032	75,329	4,906	60,779	(21,859)	221,365
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 5,173,388	2,222,210	175,050	423,052	265,664	115,898	2,130,858	406,963
Redemption of redeemable shares	\$ (1,961,603)	(927,679)	(46,691)	(15,339)	(81,595)	(17,219)	(224,547)	(52,599)
Reinvestment of distributions to holders of redeemable shares	\$ 92,780	67,700	36,402	21,588	2,332	1,910	21,642	13,383
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 3,304,565	1,362,231	164,761	429,301	186,401	100,589	1,927,953	367,747
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (92,587)	(67,757)	(10,573)	(4,065)	(6,983)	(5,007)	(24,804)	(18,273)
From net investment income	\$ (193)	(113)	(18)	(13)	(11)	(8)	(73)	(28)
Return of capital	\$ -	(354)	(38,181)	(22,628)	(42,740)	(24,490)	-	(240)
	\$ (92,780)	(68,224)	(48,772)	(26,706)	(49,734)	(29,505)	(24,877)	(18,541)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 3,226,700	2,114,759	123,021	477,924	141,573	131,863	1,881,217	570,571
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 8,792,797	5,566,097	815,624	692,603	538,916	397,343	3,330,919	1,449,702
Redeemable Share Transactions								
Balance - beginning of period	338,085	249,278	34,824	12,252	22,853	16,840	84,977	61,950
Shares issued	301,845	144,909	8,509	22,215	15,207	6,922	118,053	25,297
Shares issued on reinvestment of distributions	5,459	4,678	1,768	1,139	123	113	1,131	898
Shares redeemed	(114,764)	(60,780)	(2,292)	(782)	(4,816)	(1,022)	(12,323)	(3,168)
Balance - end of period	530,625	338,085	42,809	34,824	33,367	22,853	191,838	84,977

	Series FT5		Series FT8		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	5,678,622	3,408,938	13,784,367	8,219,566
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 487	-	(6,373)	-	209,262	903,084	208,370	2,081,309
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 10,019	-	170,382	-	2,132,428	2,184,227	10,057,789	5,352,350
Redemption of redeemable shares	\$ -	-	(10,668)	-	(1,354,628)	(817,535)	(3,679,732)	(1,830,371)
Reinvestment of distributions to holders of redeemable shares	\$ 630	-	891	-	81,938	62,963	236,615	167,544
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 10,649	-	160,605	-	859,738	1,429,655	6,614,672	3,689,523
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (156)	-	(156)	-	(81,799)	(62,939)	(217,058)	(158,041)
From net investment income	\$ -	-	(3)	-	(146)	(116)	(444)	(278)
Return of capital	\$ (474)	-	(5,796)	-	-	-	(87,191)	(47,712)
	\$ (630)	-	(5,955)	-	(81,945)	(63,055)	(304,693)	(206,031)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 10,506	-	148,277	-	987,055	2,269,684	6,518,349	5,564,801
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 10,506	-	148,277	-	6,665,677	5,678,622	20,302,716	13,784,367
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	373,628	272,681	854,367	613,001
Shares issued	667	-	10,938	-	132,051	153,969	587,270	353,312
Shares issued on reinvestment of distributions	41	-	58	-	5,239	4,809	13,819	11,637
Shares redeemed	-	-	(723)	-	(85,573)	(57,831)	(220,491)	(123,583)
Balance - end of period	708	-	10,273	-	425,345	373,628	1,234,965	854,367

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Global Growth Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	208,370	2,081,309
Adjustments for:		
Net realized (gain) loss on sale of investments	(386,788)	(145,787)
Change in unrealized (appreciation) depreciation in value of investments	601,943	(1,818,006)
Non-cash income distributions from underlying funds	(658,065)	(267,588)
Purchases of investments	(8,352,475)	(4,331,872)
Proceeds from sale of investments	2,271,973	1,093,414
Change in accrued interest	(1,484)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	3,006	(5,110)
Change in other payables and accrued expenses	390	(668)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(6,313,130)	(3,394,308)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(68,078)	(38,487)
Proceeds from redeemable shares issued	10,114,565	5,287,772
Redemption of redeemable shares	(3,679,962)	(1,836,141)
Net Cash Provided by (Used in) Financing Activities	6,366,525	3,413,144
Net increase (decrease) in cash	53,395	18,836
Cash (bank indebtedness) at beginning of period	(5,366)	(24,202)
Cash (bank indebtedness) at end of period	48,029	(5,366)
Interest received	641	990
Income taxes paid	-	(672)
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life MFS Global Growth Fund, Series I	964,355	18,499,617	20,250,777	
		18,499,617	20,250,777	99.74
Total Investments		18,499,617	20,250,777	99.74
Other Assets less Liabilities			51,939	0.26
Total Net Assets			20,302,716	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life MFS Global Growth Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life MFS Global Growth Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	0.82	1.10
Total	0.82	1.10

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Global Growth Class (continued)

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	Holdings Exposed to Currency Risk (\$CAD)		Holdings Exposed to Currency Risk (\$CAD)	
	December 31, 2018	Percentage of Net Assets (%)	December 31, 2017	Percentage of Net Assets (%)
United States Dollar	13,191,190	64.97	8,788,875	63.76
Euro	2,147,767	10.58	1,231,015	8.93
British Pound	1,878,580	9.25	1,657,788	12.03
Swiss Franc	1,057,166	5.21	924,966	6.71
Japanese Yen	835,771	4.12	505,180	3.66
Korean Won	356,731	1.76	228,630	1.66
Brazilian Real	129,231	0.64	40,141	0.29
Indian Rupee	57,061	0.28	55,061	0.40
Danish Krone	14,765	0.07	76,193	0.55
Total	19,668,262	96.88	13,507,849	97.99

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$983,413 (\$675,392 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	165,672	-	-	165,672
December 31, 2017	152,090	-	-	152,090

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$17 (\$33 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in global equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$996,253 (\$678,763 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	0.8	1.1
Equities		
Energy	0.4	0.8
Materials	7.4	7.1
Industrials	13.1	11.1
Consumer Discretionary	14.6	17.1
Consumer Staples	13.2	18.6
Health Care	10.3	10.2
Financials	8.6	7.5
Information Technology	21.4	26.1
Communication Services	9.2	-
Other Assets less Liabilities	1.0	0.4
Total	100.0	100.0

The accompanying notes are an integral part of the financial statements.

Sun Life MFS Global Growth Class (continued)

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	20,250,777	-	-	20,250,777

December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	13,736,503	-	-	13,736,503

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

December 31, 2018		
	Shares	Market Value (\$)
Series FT5	708	10,506

December 31, 2017		
	Shares	Market Value (\$)
Series FT5	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

December 31, 2018			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,017	-	630
Series FT8	10,015	10,668	852

December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	16	12,642	205
Series FT5	-	-	-
Series FT8	-	-	-

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	11,085,888	5,621,537
Cash	266,175	-
Due from investment dealers	-	-
Accrued interest	1,807	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	2,675	25,000
	11,356,545	5,646,537
Liabilities		
Current Liabilities		
Bank indebtedness	-	9,114
Accrued expenses	548	241
Redemptions payable	-	9,113
Distributions payable	391	-
Due to investment dealers	55,389	16,187
Management fees payable	4,202	2,228
Income tax payable	17,068	6,555
Total liabilities (excluding net assets attributable to holders of redeemable shares)	77,598	43,438
Net Assets Attributable to Holders of Redeemable Shares	11,278,947	5,603,099
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	4,554,056	3,490,412
Series AT5	247,352	155,207
Series AT8	493,882	358,718
Series F	3,673,159	203,266
Series FT5	10,101	-
Series FT8	96,385	-
Series O	2,204,012	1,395,496
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	14.10	14.65
Series AT5	16.12	17.63
Series AT8	13.67	15.42
Series F	14.95	15.36
Series FT5	14.29	-
Series FT8	13.89	-
Series O	14.00	14.25

Approved on behalf of the Board of Directors of the Corporation

"signed" Rick Headrick
President

"signed" Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	1,167	18
Distributions from underlying funds	1,270,383	129,403
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	156,655	63,189
Change in unrealized appreciation (depreciation) in value of investments	(1,636,393)	747,003
Net gains (losses) on investments	(208,188)	939,613
Total income (loss)	(208,188)	939,613
Expenses (note 6)		
Management fees	114,966	65,379
Administration fees	14,103	7,216
Independent review committee fees	155	96
Total operating expenses	129,224	72,691
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(337,412)	866,922
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(337,412)	866,922
Income taxes	16,174	9,260
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(353,586)	857,662
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(154,587)	472,031
Series AT5	(12,830)	14,730
Series AT8	(15,663)	60,391
Series F	(103,430)	30,035
Series FT5	83	-
Series FT8	(6,406)	-
Series O	(60,753)	280,475
Weighted Average Number of Shares Outstanding		
Series A	278,665	184,243
Series AT5	11,881	4,348
Series AT8	30,548	21,259
Series F	106,206	10,582
Series FT5	689	-
Series FT8	3,357	-
Series O	132,028	98,450
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.55)	2.56
Series AT5	(1.08)	3.39
Series AT8	(0.51)	2.84
Series F	(0.97)	2.84
Series FT5	0.12	-
Series FT8	(1.91)	-
Series O	(0.46)	2.85

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 3,490,412	2,100,944	155,207	20,224	358,718	254,608	203,266	104,825
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (154,587)	472,031	(12,830)	14,730	(15,663)	60,391	(103,430)	30,035
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 3,559,668	1,452,644	179,774	120,256	184,900	148,786	4,323,884	105,124
Redemption of redeemable shares	\$ (2,341,437)	(534,610)	(74,459)	-	(8,373)	(86,271)	(750,561)	(36,718)
Reinvestment of distributions to holders of redeemable shares	\$ 43,268	45,046	12,329	4,205	17,930	9,773	10,594	3,103
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 1,261,499	963,080	117,644	124,461	194,457	72,288	3,583,917	71,509
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (42,318)	(44,410)	(1,862)	(470)	(5,105)	(4,734)	(9,827)	(3,058)
From net investment income	\$ (950)	(695)	(51)	(30)	(104)	(72)	(767)	(41)
Return of capital	\$ -	(538)	(10,756)	(3,708)	(38,421)	(23,763)	-	(4)
	\$ (43,268)	(45,643)	(12,669)	(4,208)	(43,630)	(28,569)	(10,594)	(3,103)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 1,063,644	1,389,468	92,145	134,983	135,164	104,110	3,469,893	98,441
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 4,554,056	3,490,412	247,352	155,207	493,882	358,718	3,673,159	203,266
Redeemable Share Transactions								
Balance - beginning of period	238,317	171,358	8,804	1,306	23,258	18,256	13,234	8,228
Shares issued	238,834	104,592	10,124	7,249	12,251	10,307	278,903	7,307
Shares issued on reinvestment of distributions	2,830	3,669	704	249	1,187	650	655	240
Shares redeemed	(156,970)	(41,302)	(4,287)	-	(560)	(5,955)	(47,081)	(2,541)
Balance - end of period	323,011	238,317	15,345	8,804	36,136	23,258	245,711	13,234

	Series FT5		Series FT8		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	1,395,496	1,222,348	5,603,099	3,702,949
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 83	-	(6,406)	-	(60,753)	280,475	(353,586)	857,662
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 10,018	-	105,000	-	1,344,077	554,126	9,707,321	2,380,936
Redemption of redeemable shares	\$ -	-	-	-	(474,808)	(661,454)	(3,649,638)	(1,319,053)
Reinvestment of distributions to holders of redeemable shares	\$ 598	-	1,794	-	18,078	27,432	104,591	89,559
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 10,616	-	106,794	-	887,347	(79,896)	6,162,274	1,151,442
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (123)	-	(123)	-	(17,617)	(27,152)	(76,975)	(79,824)
From net investment income	\$ (2)	-	(21)	-	(461)	(279)	(2,356)	(1,117)
Return of capital	\$ (473)	-	(3,859)	-	-	-	(53,509)	(28,013)
	\$ (598)	-	(4,003)	-	(18,078)	(27,431)	(132,840)	(108,954)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 10,101	-	96,385	-	808,516	173,148	5,675,848	1,900,150
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 10,101	-	96,385	-	2,204,012	1,395,496	11,278,947	5,603,099
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	97,917	104,549	381,530	303,697
Shares issued	667	-	6,818	-	90,841	42,157	638,438	171,612
Shares issued on reinvestment of distributions	40	-	120	-	1,254	2,312	6,790	7,120
Shares redeemed	-	-	-	-	(32,605)	(51,101)	(241,503)	(100,899)
Balance - end of period	707	-	6,938	-	157,407	97,917	785,255	381,530

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(353,586)	857,662
Adjustments for:		
Net realized (gain) loss on sale of investments	(156,655)	(63,189)
Change in unrealized (appreciation) depreciation in value of investments	1,636,393	(747,003)
Non-cash income distributions from underlying funds	(1,270,383)	(129,403)
Purchases of investments	(7,064,458)	(1,867,543)
Proceeds from sale of investments	1,429,954	861,945
Change in accrued interest	(1,807)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	1,974	(2,650)
Change in other payables and accrued expenses	307	(321)
Change in income tax payable	10,513	2,750
Net Cash Provided by (Used in) Operating Activities	(5,767,748)	(1,087,752)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(27,858)	(19,395)
Proceeds from redeemable shares issued	9,729,646	2,356,081
Redemption of redeemable shares	(3,658,751)	(1,378,543)
Net Cash Provided by (Used in) Financing Activities	6,043,037	958,143
Net increase (decrease) in cash	275,289	(129,609)
Cash (bank indebtedness) at beginning of period	(9,114)	120,495
Cash (bank indebtedness) at end of period	266,175	(9,114)
Interest received	-	18
Income taxes paid	(5,661)	(6,510)
Interest paid	(640)	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life MFS International Growth Fund, Series I	703,076	11,928,621	11,085,888	
		11,928,621	11,085,888	98.29
Total Investments		11,928,621	11,085,888	98.29
Other Assets less Liabilities			193,059	1.71
Total Net Assets			11,278,947	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life MFS International Growth Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life MFS International Growth Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	0.31	1.08
AA/Aa	0.92	0.12
Total	1.23	1.20

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class (continued)

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	Holdings Exposed to Currency Risk (\$CAD)		Holdings Exposed to Currency Risk (\$CAD)	
	December 31, 2018	Percentage of Net Assets (%)	December 31, 2017	Percentage of Net Assets (%)
Euro	3,749,001	33.24	1,956,818	34.92
United States Dollar	1,706,584	15.13	939,364	16.77
Swiss Franc	1,542,917	13.68	683,338	12.20
British Pound	1,365,389	12.11	791,459	14.13
Japanese Yen	1,002,303	8.89	496,597	8.86
Hong Kong Dollar	518,116	4.59	208,050	3.71
Australian Dollar	246,922	2.19	104,658	1.87
Singapore Dollar	157,742	1.40	63,955	1.14
Mexican Peso	151,367	1.34	44,620	0.80
Indian Rupee	131,262	1.16	60,861	1.09
Danish Krone	98,447	0.87	51,730	0.92
Korean Won	83,448	0.74	26,239	0.47
New Taiwan Dollar	39,364	0.35	22,653	0.40
Czech Koruna	33,188	0.29	-	-
Swedish Krona	-	-	39,012	0.70
Total	10,826,050	95.98	5,489,354	97.98

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$541,302 (\$274,468 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	138,930	-	-	138,930
December 31, 2017	67,628	-	-	67,628

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$111 (\$37 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in global equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$543,871 (\$276,805 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class (continued)

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	0.7	1.1
Term Deposit Receipts	-	0.1
Promissory Note	0.5	-
Equities		
Energy	1.8	2.1
Materials	8.3	7.6
Industrials	10.3	10.6
Consumer Discretionary	8.6	10.4
Consumer Staples	21.8	20.3
Health Care	15.4	15.0
Financials	11.8	11.6
Information Technology	13.7	20.1
Telecommunication Services	-	1.1
Communication Services	4.4	-
Utilities	0.4	-
Other Assets less Liabilities	2.3	-
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	11,085,888	-	-	11,085,888

	December 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	5,621,537	-	-	5,621,537

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series AT5	-	-
Series FT5	707	10,101
Series FT8	727	10,102

	December 31, 2017	
	Shares	Market Value (\$)
Series AT5	883	15,566
Series FT5	-	-
Series FT8	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	16	16,781	516
Series FT5	10,017	-	598
Series FT8	10,017	-	891

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	37	-	949
Series FT5	-	-	-
Series FT8	-	-	-

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

The accompanying notes are an integral part of the financial statements.

Sun Life MFS International Growth Class (continued)

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life MFS U.S. Growth Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	26,094,268	14,653,388
Cash	451,667	27,864
Due from investment dealers	118,143	-
Accrued interest	3,352	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	62,889	107,356
	26,730,319	14,788,608
Liabilities		
Current Liabilities		
Bank indebtedness	-	-
Accrued expenses	1,275	640
Redemptions payable	1,831	5,250
Distributions payable	1,783	669
Due to investment dealers	28,618	56,918
Management fees payable	10,055	5,319
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	43,562	68,796
Net Assets Attributable to Holders of Redeemable Shares	26,686,757	14,719,812
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	13,035,473	8,651,583
Series AT5	616,286	197,948
Series AT8	767,983	394,043
Series F	6,034,948	1,057,578
Series FT5	30,604	-
Series FT8	52,752	-
Series O	6,148,711	4,418,660
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	20.38	18.85
Series AT5	23.57	22.81
Series AT8	20.03	19.95
Series F	21.62	19.78
Series FT5	15.69	-
Series FT8	15.29	-
Series O	18.59	16.84

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	1,170	36
Distributions from underlying funds	602,995	245,594
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	489,906	269,686
Change in unrealized appreciation (depreciation) in value of investments	295,660	1,646,023
Net gains (losses) on investments	1,389,731	2,161,339
Total income (loss)	1,389,731	2,161,339
Expenses (note 6)		
Management fees	296,503	177,470
Administration fees	36,466	19,818
Independent review committee fees	399	255
Total operating expenses	333,368	197,543
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	1,056,363	1,963,796
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	1,056,363	1,963,796
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	1,056,363	1,963,796
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	616,678	1,202,092
Series AT5	(6,842)	32,903
Series AT8	44,221	59,361
Series F	(38,930)	42,289
Series FT5	(667)	-
Series FT8	(3,989)	-
Series O	445,892	627,151
Weighted Average Number of Shares Outstanding		
Series A	567,141	402,683
Series AT5	16,750	8,404
Series AT8	30,077	16,601
Series F	131,603	50,149
Series FT5	1,181	-
Series FT8	3,106	-
Series O	304,322	217,010
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	1.09	2.99
Series AT5	(0.41)	3.92
Series AT8	1.47	3.58
Series F	(0.30)	0.84
Series FT5	(0.56)	-
Series FT8	(1.28)	-
Series O	1.47	2.89

The accompanying notes are an integral part of the financial statements.

Sun Life MFS U.S. Growth Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series AT8		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 8,651,583	5,402,458	197,948	113,896	394,043	369,714	1,057,578	342,405
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 616,678	1,202,092	(6,842)	32,903	44,221	59,361	(38,930)	42,289
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 9,282,591	3,456,487	631,252	60,104	536,102	187,925	5,612,966	1,732,162
Redemption of redeemable shares	\$ (5,515,379)	(1,409,458)	(194,361)	-	(156,036)	(199,008)	(596,666)	(1,059,286)
Reinvestment of distributions to holders of redeemable shares	\$ 122,626	147,672	12,512	4,399	5,527	7,232	16,620	9,195
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 3,889,838	2,194,701	449,403	64,503	385,593	(3,851)	5,032,920	682,071
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (121,755)	(145,750)	(3,890)	(4,514)	(6,744)	(7,054)	(16,212)	(9,007)
From net investment income	\$ (871)	(845)	(42)	(20)	(53)	(39)	(408)	(94)
Return of capital	\$ -	(1,073)	(20,291)	(8,820)	(49,077)	(24,088)	-	(86)
	\$ (122,626)	(147,668)	(24,223)	(13,354)	(55,874)	(31,181)	(16,620)	(9,187)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 4,383,890	3,249,125	418,338	84,052	373,940	24,329	4,977,370	715,173
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 13,035,473	8,651,583	616,286	197,948	767,983	394,043	6,034,948	1,057,578
Redeemable Share Transactions								
Balance - beginning of period	459,064	335,771	8,679	5,588	19,749	20,131	53,479	20,499
Shares issued	438,174	193,608	24,812	2,885	25,695	9,729	251,612	89,271
Shares issued on reinvestment of distributions	6,022	8,805	488	206	242	372	776	527
Shares redeemed	(263,740)	(79,120)	(7,832)	-	(7,338)	(10,483)	(26,755)	(56,818)
Balance - end of period	639,520	459,064	26,147	8,679	38,348	19,749	279,112	53,479

	Series FT5		Series FT8		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ -	-	-	-	4,418,660	2,447,010	14,719,812	8,675,483
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (667)	-	(3,989)	-	445,892	627,151	1,056,363	1,963,796
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 44,938	-	98,400	-	2,898,296	1,927,671	19,104,545	7,364,349
Redemption of redeemable shares	\$ (13,667)	-	(40,121)	-	(1,614,137)	(583,172)	(8,130,367)	(3,250,924)
Reinvestment of distributions to holders of redeemable shares	\$ 947	-	1,868	-	64,820	65,802	224,920	234,300
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 32,218	-	60,147	-	1,348,979	1,410,301	11,199,098	4,347,725
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (136)	-	(136)	-	(64,400)	(65,369)	(213,273)	(231,694)
From net investment income	\$ (2)	-	(3)	-	(420)	(433)	(1,799)	(1,431)
Return of capital	\$ (809)	-	(3,267)	-	-	-	(73,444)	(34,067)
	\$ (947)	-	(3,406)	-	(64,820)	(65,802)	(288,516)	(267,192)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 30,604	-	52,752	-	1,730,051	1,971,650	11,966,945	6,044,329
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 30,604	-	52,752	-	6,148,711	4,418,660	26,686,757	14,719,812
Redeemable Share Transactions								
Balance - beginning of period	-	-	-	-	262,457	173,999	803,428	555,988
Shares issued	2,729	-	5,907	-	150,642	120,425	899,571	415,918
Shares issued on reinvestment of distributions	58	-	113	-	3,553	4,482	11,252	14,392
Shares redeemed	(836)	-	(2,571)	-	(85,879)	(36,449)	(394,951)	(182,870)
Balance - end of period	1,951	-	3,449	-	330,773	262,457	1,319,300	803,428

The accompanying notes are an integral part of the financial statements.

Sun Life MFS U.S. Growth Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	1,056,363	1,963,796
Adjustments for:		
Net realized (gain) loss on sale of investments	(489,906)	(269,686)
Change in unrealized (appreciation) depreciation in value of investments	(295,660)	(1,646,023)
Non-cash income distributions from underlying funds	(602,995)	(245,594)
Purchases of investments	(12,917,512)	(5,817,058)
Proceeds from sale of investments	2,718,750	2,297,280
Change in accrued interest	(3,352)	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	4,736	(7,138)
Change in other payables and accrued expenses	635	(748)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(10,528,941)	(3,725,171)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(62,482)	(32,223)
Proceeds from redeemable shares issued	19,149,012	7,257,526
Redemption of redeemable shares	(8,133,786)	(3,496,369)
Net Cash Provided by (Used in) Financing Activities	10,952,744	3,728,934
Net increase (decrease) in cash	423,803	3,763
Cash (bank indebtedness) at beginning of period	27,864	24,101
Cash (bank indebtedness) at end of period	451,667	27,864
Interest received	-	36
Income taxes paid	-	-
Interest paid	(2,182)	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life MFS U.S. Growth Fund, Series I	738,746	23,397,374	26,094,268	
		23,397,374	26,094,268	97.78
Total Investments		23,397,374	26,094,268	97.78
Other Assets less Liabilities			592,489	2.22
Total Net Assets			26,686,757	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life MFS U.S. Growth Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life MFS U.S. Growth Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

As at December 31, 2018 and December 31, 2017, the Underlying Fund held foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currency relative to the Canadian Dollar.

The Underlying Fund also invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's. Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	1.67	2.44
AA/Aa	0.63	-
Total	2.30	2.44

The accompanying notes are an integral part of the financial statements.

Sun Life MFS U.S. Growth Class (continued)

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	Holdings Exposed to Currency Risk (\$CAD)		Holdings Exposed to Currency Risk (\$CAD)	
	December 31, 2018	Percentage of Net Assets (%)	December 31, 2017	Percentage of Net Assets (%)
United States Dollar	25,318,826	94.87	14,101,711	95.80
Euro	69,438	0.26	93,110	0.63
Total	25,388,264	95.13	14,194,821	96.43

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$1,269,413 (\$709,741 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	613,349	-	-	613,349
December 31, 2017	358,963	-	-	358,963

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$503 (\$191 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in global equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$1,279,201 (\$713,910 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	1.4	2.4
Promissory Note	0.9	-
Equities		
Energy	0.7	0.6
Materials	2.6	3.3
Industrials	6.8	8.7
Consumer Discretionary	14.3	15.1
Consumer Staples	3.7	5.4
Health Care	15.5	11.0
Financials	4.1	9.0
Information Technology	33.8	41.7
Telecommunication Services	-	0.1
Communication Services	12.8	-
Real Estate	1.6	2.1
Other Assets less Liabilities	1.8	0.6
Total	100.0	100.0

The accompanying notes are an integral part of the financial statements.

Sun Life MFS U.S. Growth Class (continued)

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	26,094,268	-	-	26,094,268

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	14,653,388	-	-	14,653,388

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series FT5	705	11,060
Series FT8	723	11,061

	December 31, 2017	
	Shares	Market Value (\$)
Series FT5	-	-
Series FT8	-	-

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	-	-	-
Series FT5	10,018	-	609
Series FT8	10,018	-	902

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series F	15	12,108	272
Series FT5	-	-	-
Series FT8	-	-	-

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series AT8 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series FT8 Shares	February 09, 2018	February 09, 2018
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Money Market Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	10,385,153	10,515,110
Cash	126,866	-
Due from investment dealers	-	27,170
Accrued interest	7,019	-
Distributions receivable from underlying funds	3,483	12,025
Subscriptions receivable	-	-
	10,522,521	10,554,305
Liabilities		
Current Liabilities		
Bank indebtedness	-	35,234
Accrued expenses	2	27
Redemptions payable	4	-
Distributions payable	-	-
Due to investment dealers	-	9,428
Management fees payable	1,354	1,049
Income tax payable	37,330	10,637
Total liabilities (excluding net assets attributable to holders of redeemable shares)	38,690	56,375
Net Assets Attributable to Holders of Redeemable Shares	10,483,831	10,497,930
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	6,566,013	6,353,370
Series F	2,741,064	2,783,228
Series O	1,176,754	1,361,332
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.14	10.08
Series F	10.30	10.20
Series O	10.40	10.28

Approved on behalf of the Board of Directors of the Corporation

"signed" Rick Headrick President	"signed" Kari Holdsworth Chief Financial Officer
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Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	5,103	18
Distributions from underlying funds	139,259	93,777
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	-	-
Change in unrealized appreciation (depreciation) in value of investments	-	-
Net gains (losses) on investments	144,362	93,795
Total income (loss)	144,362	93,795
Expenses (note 6)		
Management fees	37,628	49,596
Administration fees	-	-
Independent review committee fees	168	243
Total operating expenses	37,796	49,839
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	106,566	43,956
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	106,566	43,956
Income taxes	37,497	13,201
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)		
	69,069	30,755
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	33,919	10,913
Series F	19,341	7,131
Series O	15,809	12,711
Weighted Average Number of Shares Outstanding		
Series A	563,068	824,657
Series F	211,418	154,279
Series O	127,764	195,263
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	0.06	0.01
Series F	0.09	0.05
Series O	0.12	0.07

The accompanying notes are an integral part of the financial statements.

Sun Life Money Market Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series F		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 6,353,370	9,206,773	2,783,228	819,413	1,361,332	3,466,948	10,497,930	13,493,134
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ 33,919	10,913	19,341	7,131	15,809	12,711	69,069	30,755
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 14,303,530	11,686,279	5,639,811	4,947,897	14,913,853	2,956,275	34,857,194	19,590,451
Redemption of redeemable shares	\$ (14,124,806)	(14,557,065)	(5,701,316)	(2,991,213)	(15,114,240)	(5,074,602)	(34,940,362)	(22,622,880)
Reinvestment of distributions to holders of redeemable shares	\$ -	6,470	-	-	-	-	-	6,470
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 178,724	(2,864,316)	(61,505)	1,956,684	(200,387)	(2,118,327)	(83,168)	(3,025,959)
Distributions to Holders of Redeemable Shares								
From capital gains	\$ -	-	-	-	-	-	-	-
From net investment income	\$ -	-	-	-	-	-	-	-
Return of capital	\$ -	-	-	-	-	-	-	-
	\$ -	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 212,643	(2,853,403)	(42,164)	1,963,815	(184,578)	(2,105,616)	(14,099)	(2,995,204)
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 6,566,013	6,353,370	2,741,064	2,783,228	1,176,754	1,361,332	10,483,831	10,497,930
Redeemable Share Transactions								
Balance - beginning of period	630,231	914,505	272,788	80,650	132,410	339,532	1,035,429	1,334,687
Shares issued	1,414,199	1,160,598	549,926	485,954	1,439,160	288,838	3,403,285	1,935,390
Shares issued on reinvestment of distributions	-	642	-	-	-	-	-	642
Shares redeemed	(1,397,187)	(1,445,514)	(556,515)	(293,816)	(1,458,451)	(495,960)	(3,412,153)	(2,235,290)
Balance - end of period	647,243	630,231	266,199	272,788	113,119	132,410	1,026,561	1,035,429

Statements of Cash Flows

For the periods ended December 31

	2018	2017		2018	2017
	(\$)	(\$)		(\$)	(\$)
Cash Flows from Operating Activities			Net Cash Provided by (Used in) Financing Activities	(83,164)	(3,028,524)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	69,069	30,755	Net increase (decrease) in cash	162,100	8,187
Adjustments for:			Cash (bank indebtedness) at beginning of period	(35,234)	(43,421)
Net realized (gain) loss on sale of investments	-	-	Cash (bank indebtedness) at end of period	126,866	(35,234)
Change in unrealized (appreciation) depreciation in value of investments	-	-	Interest received	-	18
Non-cash income distributions from underlying funds	(139,259)	(93,777)	Income taxes paid	(10,804)	(10,482)
Purchases of investments	(28,358,169)	(14,795,223)	Interest paid	(1,916)	-
Proceeds from sale of investments	28,645,127	17,901,408			
Change in accrued interest	(7,019)	-			
Change in distributions receivable from underlying funds	8,542	(4,942)			
Change in management fees payable	305	(4,256)			
Change in other payables and accrued expenses	(25)	27			
Change in income tax payable	26,693	2,719			
Net Cash Provided by (Used in) Operating Activities	245,264	3,036,711			
Cash Flows from Financing Activities					
Distributions paid to holders of redeemable shares, net of reinvested distributions	-	6,470			
Proceeds from redeemable shares issued	34,857,194	19,590,786			
Redemption of redeemable shares	(34,940,358)	(22,625,780)			

The accompanying notes are an integral part of the financial statements.

Sun Life Money Market Class (continued)

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Money Market Fund, Series I	1,038,515	10,385,153	10,385,153	
		10,385,153	10,385,153	99.06
Total Investments		10,385,153	10,385,153	99.06
Other Assets less Liabilities			98,678	0.94
Total Net Assets			10,483,831	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Money Market Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Money Market Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund. The Underlying Fund invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's.

Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	63.64	62.20
AA/Aa	35.01	33.90
Not Rated	-	4.00
Total	98.65	100.10

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Fund is not exposed to currency risk as all monetary financial instruments are denominated in Canadian Dollars.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	10,341,581	-	-	10,341,581
December 31, 2017	10,505,664	-	-	10,505,664

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$19,965 (\$17,275 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is not currently exposed to other market risk as no equities are held in the Underlying Fund.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

The accompanying notes are an integral part of the financial statements.

Sun Life Money Market Class (continued)

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Short-Term Investments		
Treasury Bills	43.4	45.2
Bankers' Acceptances	19.2	22.6
Discount Commercial Paper	13.1	13.2
Promissory Notes	12.3	10.9
Bearer Deposit Notes	10.7	8.0
Other Assets less Liabilities	1.3	0.1
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	10,385,153	-	-	10,385,153

	December 31, 2017			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	10,515,110	-	-	10,515,110

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	27,034,645	27,880,870
Cash	6,587	-
Due from investment dealers	19,562	25,616
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	10,438	21,687
	27,071,232	27,928,173
Liabilities		
Current Liabilities		
Bank indebtedness	-	45,942
Accrued expenses	467	484
Redemptions payable	943	-
Distributions payable	1,913	67
Due to investment dealers	14,574	17,808
Management fees payable	2,971	3,393
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	20,868	67,694
Net Assets Attributable to Holders of Redeemable Shares	27,050,364	27,860,479
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	4,299,970	5,883,674
Series AT5	240,157	95,760
Series F	935,088	643,555
Series FT5	9,804	-
Series I	17,655,638	16,803,650
Series O	3,909,707	4,433,840
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	10.98	12.93
Series AT5	12.60	15.55
Series F	11.66	13.57
Series FT5	12.92	-
Series I	9.65	11.11
Series O	10.62	12.24

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	1,441	56
Distributions from underlying funds	1,305,001	2,102,575
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	109,239	78,127
Change in unrealized appreciation (depreciation) in value of investments	(3,141,099)	177,449
Net gains (losses) on investments	(1,725,418)	2,358,207
Total income (loss)	(1,725,418)	2,358,207
Expenses (note 6)		
Management fees	115,181	127,546
Administration fees	17,565	16,932
Independent review committee fees	198	211
Total operating expenses	132,944	144,689
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(1,858,362)	2,213,518
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(1,858,362)	2,213,518
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(1,858,362)	2,213,518
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(373,340)	430,189
Series AT5	(22,428)	6,471
Series F	(60,484)	46,824
Series FT5	(196)	-
Series I	(1,123,380)	1,343,656
Series O	(278,534)	386,378
Weighted Average Number of Shares Outstanding		
Series A	410,138	439,396
Series AT5	12,282	5,227
Series F	74,751	39,505
Series FT5	714	-
Series I	1,672,272	1,237,430
Series O	356,793	336,643
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(0.91)	0.98
Series AT5	(1.83)	1.24
Series F	(0.81)	1.19
Series FT5	(0.27)	-
Series I	(0.67)	1.09
Series O	(0.78)	1.15

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 5,883,674	4,969,968	95,760	69,552	643,555	399,160	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (373,340)	430,189	(22,428)	6,471	(60,484)	46,824	(196)	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 1,418,511	1,947,334	224,597	20,243	905,413	286,455	10,000	-
Redemption of redeemable shares	\$ (2,626,117)	(1,460,124)	(44,928)	-	(551,912)	(87,563)	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 379,449	248,835	10,393	7,457	74,355	22,446	1,279	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ (828,157)	736,045	190,062	27,700	427,856	221,338	11,279	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (251,186)	(174,609)	(5,846)	(2,510)	(47,375)	(15,230)	(491)	-
From net investment income	\$ (131,021)	(76,960)	(7,479)	(1,258)	(28,464)	(8,432)	(298)	-
Return of capital	\$ -	(959)	(9,912)	(4,195)	-	(105)	(490)	-
	\$ (382,207)	(252,528)	(23,237)	(7,963)	(75,839)	(23,767)	(1,279)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ (1,583,704)	913,706	144,397	26,208	291,533	244,395	9,804	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 4,299,970	5,883,674	240,157	95,760	935,088	643,555	9,804	-
Redeemable Share Transactions								
Balance - beginning of period	455,159	396,206	6,158	4,379	47,417	30,644	-	-
Shares issued	112,433	153,757	15,265	1,298	68,389	21,628	667	-
Shares issued on reinvestment of distributions	32,584	20,125	749	481	6,050	1,726	92	-
Shares redeemed	(208,592)	(114,929)	(3,112)	-	(41,681)	(6,581)	-	-
Balance - end of period	391,584	455,159	19,060	6,158	80,175	47,417	759	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 16,803,650	9,418,145	4,433,840	3,966,002	27,860,479	18,822,827
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (1,123,380)	1,343,656	(278,534)	386,378	(1,858,362)	2,213,518
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 4,314,195	7,030,974	1,028,281	1,072,997	7,900,997	10,358,003
Redemption of redeemable shares	\$ (2,338,827)	(989,126)	(1,273,881)	(991,537)	(6,835,665)	(3,528,350)
Reinvestment of distributions to holders of redeemable shares	\$ 1,347,515	574,735	317,219	181,434	2,130,210	1,034,907
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 3,322,883	6,616,583	71,619	262,894	3,195,542	7,864,560
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (810,622)	(354,735)	(198,233)	(123,150)	(1,313,753)	(670,234)
From net investment income	\$ (536,893)	(219,999)	(118,985)	(58,284)	(823,140)	(364,933)
Return of capital	\$ -	-	-	-	(10,402)	(5,259)
	\$ (1,347,515)	(574,734)	(317,218)	(181,434)	(2,147,295)	(1,040,426)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 851,988	7,385,505	(524,133)	467,838	(810,115)	9,037,652
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 17,655,638	16,803,650	3,909,707	4,433,840	27,050,364	27,860,479
Redeemable Share Transactions						
Balance - beginning of period	1,513,084	894,568	362,176	341,147	2,383,994	1,666,944
Shares issued	402,195	655,786	85,283	89,451	684,232	921,920
Shares issued on reinvestment of distributions	134,671	54,341	28,737	15,620	202,883	92,293
Shares redeemed	(219,474)	(91,611)	(108,027)	(84,042)	(580,886)	(297,163)
Balance - end of period	1,830,476	1,513,084	368,169	362,176	2,690,223	2,383,994

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(1,858,362)	2,213,518
Adjustments for:		
Net realized (gain) loss on sale of investments	(109,239)	(78,127)
Change in unrealized (appreciation) depreciation in value of investments	3,141,099	(177,449)
Non-cash income distributions from underlying funds	(1,305,001)	(2,102,575)
Purchases of investments	(5,412,143)	(8,707,101)
Proceeds from sale of investments	4,534,329	1,901,421
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	(422)	(6,644)
Change in other payables and accrued expenses	(17)	(929)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(1,009,756)	(6,957,886)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	(15,239)	(5,592)
Proceeds from redeemable shares issued	7,912,246	10,343,020
Redemption of redeemable shares	(6,834,722)	(3,558,544)
Net Cash Provided by (Used in) Financing Activities	1,062,285	6,778,884
Net increase (decrease) in cash	52,529	(179,002)
Cash (bank indebtedness) at beginning of period	(45,942)	133,060
Cash (bank indebtedness) at end of period	6,587	(45,942)
Interest received	1,441	56
Interest paid	-	-
Income taxes paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Sun Life Sentry Value Fund, Series I	2,092,886	29,468,245	27,034,645	
		29,468,245	27,034,645	99.94
Total Investments		29,468,245	27,034,645	99.94
Other Assets less Liabilities			15,719	0.06
Total Net Assets			27,050,364	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Sentry Value Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Sun Life Sentry Value Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

As at December 31, 2018 and December 31, 2017, the Underlying Fund held foreign currency forward contracts to hedge against adverse changes in the relationship of the Canadian Dollar to foreign currencies. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currency relative to the Canadian Dollar.

The Underlying Fund also invests in financial assets that have an investment grade credit rating as rated primarily by Dominion Bond Rating Services, Standard & Poor's and Moody's. Ratings for securities that subject the Fund to credit risk as at December 31, 2018 and December 31, 2017 are noted below:

Rating	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
AAA/Aaa	-	0.09
Not Rated	2.69	-
Total	2.69	0.09

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class (continued)

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Fund is exposed indirectly to currency risk as a result of its investment in the Underlying Fund. The Underlying Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarizes the Fund's proportionate exposure to currency risk as at December 31, 2018 and December 31, 2017. Amounts shown are based on the fair value of monetary and non-monetary assets.

	December 31, 2018		December 31, 2017	
	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)	Holdings Exposed to Currency Risk (\$CAD)	Percentage of Net Assets (%)
United States Dollar	2,658,117	9.83	2,457,922	8.82
Total	2,658,117	9.83	2,457,922	8.82

As at December 31, 2018, if the Canadian Dollar relative to other foreign currencies weakened or strengthened by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$132,906 (\$122,896 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its Underlying Fund's investment in interest-bearing securities.

The following table summarizes the Fund's exposure to interest rate risk, categorized by the earlier of the contractual re-pricing or maturity dates.

	Less than 1 year (\$)	1-5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2018	-	-	726,586	726,586
December 31, 2017	-	-	-	-

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have decreased or increased respectively by \$52,233 (\$nil as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other market risk

The Fund is exposed to other market risk as a result of the Underlying Fund's investment in publicly traded equities.

As at December 31, 2018, if these investments had increased or decreased by 5%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares of the Fund would have increased or decreased respectively by \$1,171,382 (\$1,164,381 as at December 31, 2017). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Bonds		
Corporate Bonds	2.7	-
Equities		
Energy	11.4	19.6
Real Estate	14.8	11.7
Industrials	13.1	10.5
Consumer Staples	7.1	6.6
Consumer Discretionary	3.5	15.6
Materials	4.4	6.0
Information Technology	5.8	3.6
Communication Services	12.2	2.3
Financials	6.5	4.8
Health Care	5.3	
Utilities	2.5	2.8
Derivative Assets (Liabilities)	(0.4)	-
Other Assets less Liabilities	11.1	16.5
Total	100.0	100.0

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class (continued)

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	27,034,645	-	-	27,034,645

December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	27,880,870	-	-	27,880,870

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

December 31, 2018		
	Shares	Market Value (\$)
Series AT5	-	-
Series FT5	759	9,804
Series I	1,204	11,613

December 31, 2017		
	Shares	Market Value (\$)
Series AT5	993	15,443
Series FT5	-	-
Series I	1,111	12,339

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

December 31, 2018			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	15	15,952	1,055
Series F	10,017	-	-
Series FT5	-	-	1,279
Series I	-	-	931

December 31, 2017			
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series AT5	38	-	1,433
Series F	16	11,766	377
Series FT5	-	-	-
Series I	-	-	537

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, the Fund had significant interests in the Underlying Fund as noted in the following tables:

As at December 31, 2018		
Underlying Fund	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life Sentry Value Fund	100	30

As at December 31, 2017		
Underlying Fund	Percentage of Net Assets (%)	Percentage of Ownership Interest (%)
Sun Life Sentry Value Fund	100	29

The accompanying notes are an integral part of the financial statements.

Sun Life Sentry Value Class (continued)

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	July 29, 2013	August 01, 2013
Series AT5 Shares	July 29, 2013	August 01, 2013
Series F Shares	July 29, 2013	August 01, 2013
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	May 01, 2015	May 01, 2015
Series O Shares	April 01, 2014	April 01, 2014

The accompanying notes are an integral part of the financial statements.

Sun Life Trimark Canadian Class

Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current Assets		
Investments (non-derivative financial assets) (notes 2 and 3)	1,912,036	1,793,149
Cash	-	-
Due from investment dealers	-	-
Accrued interest	-	-
Distributions receivable from underlying funds	-	-
Subscriptions receivable	50	1,161
	1,912,086	1,794,310
Liabilities		
Current Liabilities		
Bank indebtedness	364	2,101
Accrued expenses	46	38
Redemptions payable	-	-
Distributions payable	-	-
Due to investment dealers	50	1,161
Management fees payable	180	149
Income tax payable	-	-
Total liabilities (excluding net assets attributable to holders of redeemable shares)	640	3,449
Net Assets Attributable to Holders of Redeemable Shares	1,911,446	1,790,861
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A	259,162	248,357
Series AT5	8,768	10,012
Series F	9,150	10,329
Series FT5	9,417	-
Series I	1,615,793	1,493,098
Series O	9,156	29,065
Net Assets Attributable to Holders of Redeemable Shares per Share (note 5)		
Series A	7.80	9.30
Series AT5	9.56	12.05
Series F	8.13	9.59
Series FT5	12.92	-
Series I	8.54	9.94
Series O	8.49	9.89

Approved on behalf of the Board of Directors of the Corporation

“signed” Rick Headrick
President

“signed” Kari Holdsworth
Chief Financial Officer

Statements of Comprehensive Income (Loss)

For the periods ended December 31

	2018 (\$)	2017 (\$)
Investment Income		
Interest income	147	1
Distributions from underlying funds	40,495	33,080
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on sale of investments	19,665	48,077
Change in unrealized appreciation (depreciation) in value of investments	(267,763)	104,792
Net gains (losses) on investments	(207,456)	185,950
Total income (loss)	(207,456)	185,950
Expenses (note 6)		
Management fees	7,003	7,657
Administration fees	1,634	1,549
Independent review committee fees	33	31
Total operating expenses	8,670	9,237
Management fees waived/absorbed by the Manager	-	-
Operating Profit (Loss)	(216,126)	176,713
Finance Cost		
Interest expense	-	-
Net income (loss) before income taxes	(216,126)	176,713
Income taxes	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	(216,126)	176,713
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)		
Series A	(36,327)	34,566
Series AT5	(1,271)	868
Series F	(1,207)	1,002
Series FT5	(601)	-
Series I	(175,363)	137,754
Series O	(1,357)	2,523
Weighted Average Number of Shares Outstanding		
Series A	33,122	37,365
Series AT5	867	793
Series F	1,096	1,055
Series FT5	694	-
Series I	161,441	130,554
Series O	1,875	2,142
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)		
Series A	(1.10)	0.93
Series AT5	(1.47)	1.09
Series F	(1.10)	0.95
Series FT5	(0.87)	-
Series I	(1.09)	1.06
Series O	(0.72)	1.18

The accompanying notes are an integral part of the financial statements.

Sun Life Trimark Canadian Class (continued)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended December 31

	Series A		Series AT5		Series F		Series FT5	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 248,357	538,747	10,012	9,128	10,329	9,311	-	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (36,327)	34,566	(1,271)	868	(1,207)	1,002	(601)	-
Redeemable Share Transactions								
Proceeds from redeemable shares issued	\$ 140,922	196,876	27	18	28	16	10,018	-
Redemption of redeemable shares	\$ (93,790)	(521,789)	-	-	-	-	-	-
Reinvestment of distributions to holders of redeemable shares	\$ 11,277	4,854	892	662	385	203	872	-
Capitalized distributions	\$ -	-	-	-	-	-	-	-
	\$ 58,409	(320,059)	919	680	413	219	10,890	-
Distributions to Holders of Redeemable Shares								
From capital gains	\$ (5,786)	(47)	(184)	(1)	(191)	(1)	(196)	-
From net investment income	\$ (5,491)	(4,585)	(186)	(185)	(194)	(191)	(199)	-
Return of capital	\$ -	(265)	(522)	(478)	-	(11)	(477)	-
	\$ (11,277)	(4,897)	(892)	(664)	(385)	(203)	(872)	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 10,805	(290,390)	(1,244)	884	(1,179)	1,018	9,417	-
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 259,162	248,357	8,768	10,012	9,150	10,329	9,417	-
Redeemable Share Transactions								
Balance - beginning of period	26,715	62,179	831	774	1,077	1,054	-	-
Shares issued	16,341	21,789	3	2	3	2	667	-
Shares issued on reinvestment of distributions	1,365	521	83	55	45	21	62	-
Shares redeemed	(11,182)	(57,774)	-	-	-	-	-	-
Balance - end of period	33,239	26,715	917	831	1,125	1,077	729	-

	Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017
Net Assets Attributable to Holders of Redeemable Shares at beginning of period	\$ 1,493,098	944,540	29,065	9,317	1,790,861	1,511,043
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)	\$ (175,363)	137,754	(1,357)	2,523	(216,126)	176,713
Redeemable Share Transactions						
Proceeds from redeemable shares issued	\$ 651,431	697,117	-	17,418	802,426	911,445
Redemption of redeemable shares	\$ (353,373)	(286,313)	(18,552)	(193)	(465,715)	(808,295)
Reinvestment of distributions to holders of redeemable shares	\$ 62,286	27,660	730	538	76,442	33,917
Capitalized distributions	\$ -	-	-	-	-	-
	\$ 360,344	438,464	(17,822)	17,763	413,153	137,067
Distributions to Holders of Redeemable Shares						
From capital gains	\$ (28,055)	(78)	(536)	(1)	(34,948)	(128)
From net investment income	\$ (34,231)	(27,582)	(194)	(537)	(40,495)	(33,080)
Return of capital	\$ -	-	-	-	(999)	(754)
	\$ (62,286)	(27,660)	(730)	(538)	(76,442)	(33,962)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period	\$ 122,695	548,558	(19,909)	19,748	120,585	279,818
Net Assets Attributable to Holders of Redeemable Shares at end of period	\$ 1,615,793	1,493,098	9,156	29,065	1,911,446	1,790,861
Redeemable Share Transactions						
Balance - beginning of period	150,153	104,479	2,938	1,034	181,714	169,520
Shares issued	69,410	73,138	-	1,870	86,424	96,801
Shares issued on reinvestment of distributions	6,989	2,782	80	54	8,624	3,433
Shares redeemed	(37,438)	(30,246)	(1,939)	(20)	(50,559)	(88,040)
Balance - end of period	189,114	150,153	1,079	2,938	226,203	181,714

The accompanying notes are an integral part of the financial statements.

Sun Life Trimark Canadian Class (continued)

Statements of Cash Flows

For the periods ended December 31

	2018 (\$)	2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions)	(216,126)	176,713
Adjustments for:		
Net realized (gain) loss on sale of investments	(19,665)	(48,077)
Change in unrealized (appreciation) depreciation in value of investments	267,763	(104,792)
Non-cash income distributions from underlying funds	(40,495)	(33,080)
Purchases of investments	(773,692)	(887,834)
Proceeds from sale of investments	446,091	796,131
Change in accrued interest	-	-
Change in distributions receivable from underlying funds	-	-
Change in management fees payable	31	(965)
Change in other payables and accrued expenses	8	(133)
Change in income tax payable	-	-
Net Cash Provided by (Used in) Operating Activities	(336,085)	(102,037)
Cash Flows from Financing Activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	-	(45)
Proceeds from redeemable shares issued	803,537	910,284
Redemption of redeemable shares	(465,715)	(810,296)
Net Cash Provided by (Used in) Financing Activities	337,822	99,943
Net increase (decrease) in cash	1,737	(2,094)
Cash (bank indebtedness) at beginning of period	(2,101)	(7)
Cash (bank indebtedness) at end of period	(364)	(2,101)
Interest received	147	1
Income taxes paid	-	-
Interest paid	-	-

Schedule of Investments

As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total Net Assets
MUTUAL FUNDS				
Invesco Canadian Fund, Series I	154,408	2,029,137	1,912,036	
		2,029,137	1,912,036	100.03
Total Investments		2,029,137	1,912,036	100.03
Other Assets less Liabilities			(590)	(0.03)
Total Net Assets			1,911,446	100.00

Fund Specific Notes to the Financial Statements

Financial Risk Management

The investment activities of the Sun Life Trimark Canadian Class (the "Fund") expose it to a variety of financial risks, which are described below. The Fund's exposure to financial risk is indirect as a result of its investment in the Invesco Canadian Fund (the "Underlying Fund"). Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, other market, liquidity and concentration risk, can be found in Note 9 to the financial statements.

(a) Credit risk

The Fund is exposed indirectly to credit risk as a result of its investment in the Underlying Fund.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the dealer. The transaction will fail if either party fails to meet its obligation. Also, risks may arise upon entering into currency contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Market risk

(i) Currency risk

The Underlying Fund holds assets and liabilities, indirectly through underlying externally managed funds, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

(ii) Interest rate risk

The Fund is exposed indirectly to interest rate risk as a result of its investment in the Underlying Fund.

The accompanying notes are an integral part of the financial statements.

Sun Life Trimark Canadian Class (continued)

(iii) Other market risk

The Fund is exposed indirectly to other market risk as a result of its investment in the Underlying Fund.

(c) Liquidity risk

As at December 31, 2018 and December 31, 2017, the majority of the Underlying Fund's investments are considered readily realizable and highly liquid; therefore, the Fund's liquidity risk is considered minimal.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Underlying Fund's concentration risk is summarized in the table below:

Portfolio by Category	Percentage of Net Assets (%)	
	December 31, 2018	December 31, 2017
Equities		
Financials	50.3	43.3
Industrials	12.8	14.4
Information Technology	10.4	8.7
Energy	7.4	9.3
Consumer Discretionary	6.3	7.3
Materials	5.0	4.9
Consumer Staples	4.0	3.9
Health Care	2.8	3.3
Other Assets less Liabilities	1.0	4.9
Total	100.0	100.0

Fair Value Disclosure

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018 and December 31, 2017.

	December 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	1,912,036	-	-	1,912,036

	December 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual Funds	1,793,149	-	-	1,793,149

There were no transfers between fair value levels during the periods from January 1 to December 31, 2018 and January 1 to December 31, 2017.

Mutual funds

Mutual fund units held as investments are valued at their respective Net Asset Value per unit on the relevant valuation dates and are classified as Level 1.

Related Party Transactions

Seed Capital Investment by the Company

The Company is the issuer of the Fund. Investment by the Company in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2018 and December 31, 2017, the Company held the following positions in the Fund:

	December 31, 2018	
	Shares	Market Value (\$)
Series A	12,374	96,483
Series AT5	917	8,768
Series F	1,125	9,150
Series FT5	729	9,417
Series I	29,012	247,880
Series O	1,079	9,156

	December 31, 2017	
	Shares	Market Value (\$)
Series A	11,847	110,140
Series AT5	831	10,011
Series F	1,077	10,330
Series FT5	-	-
Series I	27,853	276,968
Series O	1,045	10,336

The following are transactions in the Fund by the Company from January 1 to December 31, 2018 and January 1 to December 31, 2017. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

	December 31, 2018		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	24	-	4,072
Series AT5	261	-	892
Series F	25	-	384
Series FT5	10,016	-	872
Series I	-	-	10,370
Series O	-	86	385

	December 31, 2017		
	Purchases (\$)	Redemptions (\$)	Distributions (\$)
Series A	268	-	2,042
Series AT5	24	-	653
Series F	25	-	191
Series FT5	-	-	-
Series I	-	-	5,135
Series O	-	82	192

The accompanying notes are an integral part of the financial statements.

Sun Life Trimark Canadian Class (continued)

Interest in Underlying Funds

The Fund invests in redeemable units of the Underlying Fund to gain exposure to the investment objectives and strategies of the Underlying Fund. The Underlying Fund is generally financed through the capital invested by the Fund, along with other investors, which entitles shareholders to a proportionate share of the Underlying Fund's net assets. The Fund does not provide additional financial or other support to the Underlying Fund. The Underlying Fund was established in and carries out its operations in Canada. The Fund's interest in the Underlying Fund is reported at fair value in "investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

As at December 31, 2018 and December 31, 2017, there were no significant interests in the Underlying Fund.

Establishment of the Fund

The origin dates on the series of shares of the Fund are shown below:

	Date of creation	Date available for sale
Series A Shares	March 25, 2015	March 27, 2015
Series AT5 Shares	March 25, 2015	March 27, 2015
Series F Shares	March 25, 2015	March 27, 2015
Series FT5 Shares	February 09, 2018	February 09, 2018
Series I Shares	March 25, 2015	March 27, 2015
Series O Shares	March 25, 2015	March 27, 2015

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

1. Establishment of the Funds

Sun Life Global Investments Corporate Class Inc. (the “Corporation”) is a mutual fund corporation incorporated by articles of incorporation under the laws of the Province of Ontario as of June 17, 2013. Each class of shares of the mutual fund corporation is herein referred to as a “Fund”.

Sun Life Global Investments (Canada) Inc. (the “Manager” or the “Company”) is the Manager of the Funds. The Company has its registered office at 1 York Street, Toronto, Ontario, Canada, M5J 0B6.

Valuation, accounting and custodial duties of the Funds are provided by RBC Investor Services Trust. Shareholder recordkeeping duties are provided by International Financial Data Services (Canada) Limited.

Each Fund may issue an unlimited number of series of redeemable shares and may issue an unlimited number of redeemable shares of each series. Each individual series of redeemable shares is sold under differing purchasing options and may have lower or higher management fees reflecting the extent of investment advice provided. The management fee rates for each of the Funds and their various series are provided in note 6.

The financial statements of the Funds include the Schedule of Investments for each Fund as at December 31, 2018, the Statements of Financial Position as at December 31, 2018 and December 31, 2017, and the Statements of Comprehensive Income (Loss), Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and Statements of Cash Flows for the periods ended December 31, 2018 and December 31, 2017. For details on each Fund’s date of origin, refer to the Establishment of the Fund disclosure within the Fund Specific Notes to the Financial Statements of each Fund.

The financial statements of the Funds for the period ended December 31, 2018 were authorized on March 14, 2019 for issue in accordance with the resolution approved by the Board of Directors of the Corporation. The financial statements of the Funds are to be filed on March 27, 2019.

2. Changes in Accounting Policies

IFRS 15 Transition

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) established a five-step model to account for revenue arising from contracts with customers. Given that primarily all revenue streams of the Funds fall outside of the scope of IFRS 15, there was minimal impact to the financial statements.

IFRS 9 Transition

Effective January 1, 2018, the Funds adopted IFRS 9, *Financial Instruments* (“IFRS 9”). The new standard requires financial assets to be carried at amortized cost or fair value, with changes in fair value recognized in fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

Upon transition to IFRS 9 from IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”), the Funds’ financial assets and certain financial liabilities were classified as FVTPL. This financial instrument categorization of financial assets and financial liabilities under IFRS 9 is different than IAS 39. However, there were no significant changes to the accounting for the financial assets and financial liabilities of the Funds.

All financial assets that had previously been designated as FVTPL are classified as FVTPL upon adoption to the new standard. Derivative assets and derivative liabilities that were previously considered as held-for-trading financial instruments and were classified as FVTPL remain unchanged upon adoption to the new standard.

There were no changes in the measurement values for any of the financial assets and financial liabilities upon transition to IFRS 9.

Sector Classifications

Effective October 1, 2018, the Funds adopted new sector classifications for the Global Industry Classification Standard (“GICS”) to align with GICS guidelines. The new standard includes the following changes:

- A new Communication Services sector replaced the former Telecommunication Services sector
- Telecommunication Services was renamed Communication Services
- Media companies moved from Consumer Discretionary to Communication Services
- Internet services companies moved from Information Technology to Communication Services
- E-commerce companies moved from Information Technology to Consumer Discretionary

The prior year numbers were not restated.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

3. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a going concern basis using the historical cost convention. However, each Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds’ accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value (“NAV”) for transactions with redeemable shareholders.

Financial instruments

(a) Classification and recognition of financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other receivables and payables. The Funds classify and measure financial instruments in accordance with IFRS 9.

All financial assets and financial liabilities are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that a Fund commits to purchase or sell the asset.

In accordance with IFRS 9, financial instruments are classified into one of three categories based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Those categories are:

- Amortized cost - Assets held within a business model whose objective is to collect cash flows and where the contractual cash flows of the assets are Solely Payments of Principal and Interest (“SPPI criterion”). Items in this category include cash and cash equivalents, receivables, and other financial assets.
- Fair value through other comprehensive income (“FVOCI”) - Financial assets such as debt instruments that meet the SPPI criterion and are held within a business model with objectives that include both collecting the associated contractual cash flows and selling financial assets. Gains and losses are reclassified to profit or loss upon derecognition.
- Fair value through profit or loss (“FVTPL”) - A financial asset is measured at FVTPL unless it is measured at amortized cost or FVOCI. Derivative contracts are measured at FVTPL. For all instruments classified as FVTPL, the gains and losses are recognized in profit or loss.

Financial liabilities are measured at amortized cost, except for the following items:

- Financial liabilities at FVTPL such as derivatives;
- Financial liabilities arising from the transfer of a financial asset that did not qualify for derecognition;
- Financial guarantee contracts; and
- Commitments to provide a loan at below-market interest rates.

In addition, financial liabilities can be designated as FVTPL upon initial recognition using the fair value option when it results in more relevant information.

The Manager has assessed the business models of the Funds and has determined that the Funds’ portfolio of financial assets and financial liabilities are managed and performance is evaluated on a fair value basis in accordance with the Funds’ risk management and investment strategies; therefore, classification and measurement of financial assets is FVTPL.

All Funds have contractual obligations to distribute cash to the shareholders. As a result, each Fund’s obligation for net assets attributable to holders of redeemable shares represents a financial liability and is presented at the redemption amount.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statements of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

(c) Valuation of financial instruments

Financial assets and financial liabilities at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments, are recognized directly in profit or loss. Loans and receivables and other financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. For financial assets and financial liabilities where the fair value at initial recognition does not equal the transaction price, the Funds recognize the difference in the Statements of Comprehensive Income (Loss), unless specified otherwise.

After initial measurement, the Funds measure financial instruments that are classified as FVTPL at fair value. Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in "Change in unrealized appreciation (depreciation) in value of investments" in the Statements of Comprehensive Income (Loss).

The average cost of portfolio investments represents the sum of the average cost of each portfolio investment. For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by a Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in income and are presented in "Transaction costs" in the Statements of Comprehensive Income (Loss). Realized gains and losses from the sale of portfolio investments are also calculated based on the average cost, excluding transaction costs, of the related investment.

Loans and receivables and other assets and liabilities (other than those classified as FVTPL) are measured at amortized cost.

The Funds measure their financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Funds.

The fair values of each specific type of investment and derivative, where applicable, are determined in the following manner:

- i) Underlying funds are fair valued each business day using the most recent NAV per share quoted by the manager on the valuation date.
- ii) For all other financial assets and financial liabilities, the carrying value approximates the fair value for cash, due from investment dealers, accrued interest, dividends receivable, distributions receivable from underlying funds, subscriptions receivable, accrued expenses, redemptions payable, distributions payable, due to investment dealers and management fees payable due to the short-term nature of these assets and liabilities.

(d) Cash

Cash consists of cash on hand. It is valued at fair value or at recorded cost, plus or minus any foreign exchange between recognition of the asset by the Fund and the current valuation date, which approximates fair value.

(e) Other assets and other liabilities

Due from investment dealers, accrued interest, dividends receivable, distributions receivable from underlying funds, subscriptions receivable, accrued expenses, redemptions payable, distributions payable, due to investment dealers and management fees payable are valued at fair value or at their recorded cost, plus or minus any foreign exchange between recognition of the asset by the Fund and the current valuation date, which approximates fair value due to the short-term nature of these assets and liabilities.

(f) Distributions from underlying funds

Distributions from underlying funds are recorded in the year to which the distribution relates. Distributions from underlying funds may include a combination of capital gains/(losses), Canadian and foreign dividends, and interest income.

(g) Transaction costs

Transaction costs incurred in portfolio transactions, if any, are excluded from the average cost of investments and are recognized immediately in income and are presented as a separate expense item in the Statements of Comprehensive Income (Loss).

(h) Redeemable share valuation and valuation date

Redeemable shares are issued and redeemed on a continuous basis at their NAV which is determined, for every series of redeemable shares of each Fund, except for the Sun Life Money Market Class, on each day that the Toronto Stock Exchange is open for business. The Sun Life Money Market Class is valued on each day that the Canadian chartered banks are open for business, other than Saturdays and Sundays.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

The redeemable share valuation per series is determined by dividing the aggregate market value of the net assets of that series of the Fund by the total number of redeemable shares of that series outstanding at the close of business on the valuation day.

(i) Investment transactions

Investment transactions are accounted for on the trade date. Realized gains and losses arising from the sale of investments and unrealized appreciation and depreciation on investments are calculated with reference to the average cost of the related investments and derivative instruments.

(j) Revenue recognition

- i) Interest income for distribution purposes resulting from investments in bonds is recorded on the accrual basis based on the bond coupon rate.
- ii) Dividend income is recorded on the ex-dividend date.
- iii) Realized gains (losses) on investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments.
- iv) Income, realized gain (loss) and unrealized gain (loss) are allocated among the series of a Fund on a pro-rata basis.

(k) Foreign currency translation

Foreign currency amounts are expressed in Canadian dollars on the following bases:

- i) Fair value of investments and other assets and liabilities at the rate of exchange prevailing at the period end; and
- ii) Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

The Funds' functional currency and presentation currency is the Canadian dollar, which is the currency of the primary economic environment in which the Funds operate.

(l) Increase (decrease) in net assets attributable to holders of redeemable shares per share

Increase (decrease) in net assets attributable to holders of redeemable shares per share in the Statements of Comprehensive Income (Loss) represents the increase (decrease) in net assets attributable to holders of redeemable shares for the period, divided by the weighted average number of shares outstanding during the period.

(m) Multi-series structured funds

The realized and unrealized capital gains or losses, income, and common expenses (other than series-specific fixed operating expenses and fixed management fees) of the Funds are allocated on each valuation date to the shareholders in proportion to the respective prior day's NAV, which includes shareholder trade(s) dated for that day, of each series at the date on which the allocation is made. The fixed management fees and operating expenses are charged directly to the Funds. Additional details of the calculation are disclosed in note 6.

4. Critical Accounting Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies. The following discusses the most significant accounting judgments that the Funds have made in preparing the financial statements:

Assessment as investment entity

The Manager has determined that each of the Funds meets the characteristics of an investment entity as defined by IFRS 10, *Consolidated Financial Statements*, and as such, subsidiaries are accounted for at fair value. Associates are investments over which the Funds have significant influence or joint control, all of which have been recorded at FVTPL.

5. Redeemable Shares of the Funds

The redeemable shares offered by each Fund have been outlined in the Fund Specific Notes to the Financial Statements. The outstanding redeemable shares represent the capital of the Funds. Each redeemable share has no par value, and the value of each redeemable share is its NAV. Settlement of the cost for redeemable shares is completed as per securities regulations in place at the time of issue. Distributions made by the Funds and re-invested by shareholders in additional redeemable shares also constitute issued capital of the Funds.

Redeemable shares are redeemed at the NAV per share of the Fund. A right to redeem redeemable shares of a Fund may be suspended with the approval of the Canadian securities regulatory authorities or when normal trading is suspended on a stock, options, or futures exchange in Canada or outside Canada on which securities or derivatives that make up more than 50% of the value or underlying exposure of the total assets of a Fund, not including any liabilities of the Fund, are traded, and when those securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

The Manager is responsible for managing the capital of the Funds. The capital received by a Fund is utilized within the respective investment mandate of a Fund. This includes, for all Funds, the ability to make liquidity available to satisfy shareholder share redemption requirements upon the shareholder's request.

Changes in the Funds' capital during the period are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

The Funds' redeemable shares are classified as financial liabilities on the Statements of Financial Position since the Funds have a contractual obligation for the issuer to repurchase or redeem the shares for cash or another financial asset and to distribute their income to minimize taxes such that they have no discretion to avoid cash distributions and have an ongoing redemption option.

6. Management Fees and Expenses

The Funds pay management fees to the Manager, which are accrued daily and paid monthly based on the NAV of each series of a Fund. The maximum rate of the fee, excluding GST/HST and other applicable taxes if any, is set out below.

The Manager has chosen to waive a portion of the management fees for some funds during the reporting period. The Manager may choose to stop management fees waivers at any time without notification.

Maximum Annual Management Fees

	Series A shares	Series AT5 shares	Series AT8 shares	Series F shares	Series FT5 shares	Series FT8 shares
Sun Life BlackRock Canadian Balanced Class	1.50%	1.50%	-	0.50%	0.50%	-
Sun Life BlackRock Canadian Composite Equity Class	1.00%	1.00%	-	0.50%	0.50%	-
Sun Life BlackRock Canadian Equity Class	1.50%	1.50%	1.50%	0.50%	0.50%	0.50%
Sun Life Dynamic Equity Income Class	1.75%	1.75%	-	0.75%	0.75%	-
Sun Life Dynamic Strategic Yield Class	1.85%	1.85%	-	0.85%	0.85%	-
Sun Life Franklin Bissett Canadian Equity Class	2.00%	2.00%	-	1.00%	1.00%	-
Sun Life Granite Balanced Class	1.80%	1.80%	-	0.80%	0.80%	-
Sun Life Granite Balanced Growth Class	1.85%	1.85%	1.85%	0.85%	0.85%	0.85%
Sun Life Granite Conservative Class	1.50%	1.50%	-	0.75%	0.75%	-
Sun Life Granite Growth Class	1.90%	1.90%	1.90%	0.90%	0.90%	0.90%
Sun Life Granite Moderate Class	1.75%	1.75%	-	0.75%	0.75%	-
Sun Life MFS Canadian Equity Growth Class (Formerly Sun Life MFS Canadian Equity Class)	1.80%	1.80%	-	0.80%	0.80%	-
Sun Life MFS Dividend Income Class	1.70%	1.70%	-	0.70%	0.70%	-
Sun Life MFS Global Growth Class	1.85%	1.85%	1.85%	0.85%	0.85%	0.85%
Sun Life MFS International Growth Class	1.85%	1.85%	1.85%	0.85%	0.85%	0.85%
Sun Life MFS U.S. Growth Class	1.85%	1.85%	1.85%	0.85%	0.85%	0.85%
Sun Life Money Market Class*	1.00%	-	-	0.75%	-	-
Sun Life Sentry Value Class	1.80%	1.80%	-	0.80%	0.80%	-
Sun Life Trimark Canadian Class	2.00%	2.00%	-	1.00%	1.00%	-

* As money market yields have remained low during the period, the Manager has opted to waive a portion of the management fees that otherwise would have been charged. The Manager may discontinue waiving fees and expenses at any time, without notice.

For Series O shares, shareholders pay the management fees directly to the Manager. The maximum rate of the fee, excluding GST/HST and other applicable taxes if any, is set out below.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

Maximum Annual Management Fees		Maximum Annual Management Fees	
	Series O shares*		Series O shares*
Sun Life BlackRock Canadian Balanced Class	0.50%	Sun Life Granite Moderate Class	0.75%
Sun Life BlackRock Canadian Composite Equity Class	0.50%	Sun Life MFS Canadian Equity Growth Class	0.80%
Sun Life BlackRock Canadian Equity Class	0.50%	Sun Life MFS Dividend Income Class	0.70%
Sun Life Dynamic Equity Income Class	0.75%	Sun Life MFS Global Growth Class	0.85%
Sun Life Dynamic Strategic Yield Class	0.85%	Sun Life MFS International Growth Class	0.85%
Sun Life Franklin Bissett Canadian Equity Class	1.00%	Sun Life MFS U.S. Growth Class	0.85%
Sun Life Granite Balanced Class	0.80%	Sun Life Money Market Class**	0.75%
Sun Life Granite Balanced Growth Class	0.85%	Sun Life Sentry Value Class	0.80%
Sun Life Granite Conservative Class	0.75%	Sun Life Trimark Canadian Class	1.00%
Sun Life Granite Growth Class	0.90%		

* Series O shares are available to investors through the Private Client program and must be purchased through a Private Client account. Each Series O investor pays a management fee directly to the Manager and is eligible for management fee reductions, if any, based on the value of Series O shares held in their Private Client account. Series O management fees are paid, after subtracting any management fee reductions, by a redemption of Series O shares in the investor's account.

** As money market yields have remained low during the period, the Manager has opted to waive a portion of the management fees that otherwise would have been charged. The Manager may discontinue waiving fees and expenses at any time, without notice.

The Manager bears certain operating expenses of the Funds (other than certain taxes, borrowing costs and non-governmental fees) in return for fixed annual administration fees. These expenses include, but are not limited to, recordkeeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and system costs, cost of reports to shareholders, prospectus and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The fixed annual administration fees are calculated as a fixed annual percentage of the NAV of each class of a Fund at the end of each business day.

Each Fund pays certain operating expenses directly, in addition to the fixed annual administration fees. These direct operating expenses are certain taxes, borrowing costs and fees and expenses payable to or in connection with the Funds' Independent Review Committee. Each Fund also pays costs in connection with brokerage commissions and other portfolio transaction costs, including any tax applicable to such costs.

The fixed annual administration fees, excluding GST/HST and other applicable taxes, if any, are set out below:

	Annual Administration Fees		
	All Series (other than Series F, Series FT5, Series FT8, Series O and Series I)	Series F, Series FT5, Series FT8 and Series O	Series I
Sun Life BlackRock Canadian Balanced Class	0.10%	0.05%	-
Sun Life BlackRock Canadian Composite Equity Class	0.10%	0.05%	0.05%
Sun Life BlackRock Canadian Equity Class	0.10%	0.05%	0.05%
Sun Life Dynamic Equity Income Class	0.15%	0.15%	0.05%
Sun Life Dynamic Strategic Yield Class	0.20%	0.15%	0.05%
Sun Life Franklin Bissett Canadian Equity Class	0.20%	0.20%	0.05%
Sun Life Granite Balanced Class	0.20%	0.15%	-
Sun Life Granite Balanced Growth Class	0.20%	0.15%	-
Sun Life Granite Conservative Class	0.20%	0.15%	-
Sun Life Granite Growth Class	0.20%	0.15%	-
Sun Life Granite Moderate Class	0.20%	0.15%	-
Sun Life MFS Canadian Equity Growth Class (Formerly Sun Life MFS Canadian Equity Class)	0.20%	0.15%	-
Sun Life MFS Dividend Income Class	0.20%	0.15%	0.05%

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

	Annual Administration Fees		
	All Series (other than Series F, Series FT5, Series FT8, Series O and Series I)	Series F, Series FT5, Series FT8 and Series O	Series I
Sun Life MFS Global Growth Class	0.20%	0.15%	-
Sun Life MFS International Growth Class	0.20%	0.15%	-
Sun Life MFS U.S. Growth Class	0.20%	0.15%	-
Sun Life Money Market Class*	0.05%	0.05%	-
Sun Life Sentry Value Class	0.20%	0.15%	0.05%
Sun Life Trimark Canadian Class	0.20%	0.20%	0.05%

* As money market yields have remained low during the period, the Manager has opted to waive a portion of the administration fees that otherwise would have been charged. The Manager may discontinue waiving fees and expenses at any time, without notice.

7. Taxation of the Corporation and Allocation to Shareholders

The Corporation is a qualified mutual fund corporation, as defined for Canadian income tax purposes. Taxable dividends received from taxable Canadian corporations are subject to a tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to shareholders on the basis of \$1 for every \$2.61 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. Interest income and foreign dividends, net of applicable expenses, are taxed at full corporate rates applicable to mutual fund corporations with credits, subject to certain limitations, for foreign taxes paid. All tax on net realized taxable capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders. Income taxes, if any, are allocated to the classes of shares of the Corporation on a fair and reasonable basis.

The current tax liability for the period is measured at the amount expected to be paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the date of the financial statements.

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. When the market value of a security in the Corporation exceeds its cost base, a future income tax liability arises. As capital gains taxes payable by the Corporation are refundable under the provisions of the *Income Tax Act* (Canada), the future income tax liability is offset by these future refundable taxes. If the cost base exceeds the market value of the security, a future income tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such future income tax assets will ultimately be realized. Future income tax liabilities or tax assets are calculated using substantively enacted tax rates and tax laws expected to apply in the period that the temporary differences are expected to reverse.

Unused capital and non-capital losses represent future income tax assets to the Corporation for which a full valuation allowance has been established for the reasons noted above. Tax losses apply to the Corporation, not the Funds. Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be applied against future years' taxable income.

The Corporation has no accumulated net capital losses and no accumulated non-capital losses as at December 31, 2018.

8. Related Party Transactions

As Manager, the Company is responsible for the provision of all general management and administrative services required by the Funds in their day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Funds. From time to time, the Manager may provide seed capital to a Fund.

For its services, the Manager receives a management fee that is calculated as a percentage of the average NAV of each Fund. This fee is calculated daily and payable monthly. The dollar amount, including all applicable taxes, of each Fund's management fees that the Manager receives is reported in the line item "Management fees" on the Statements of Comprehensive Income (Loss).

An operating expense incurred by the Manager on behalf of each Fund is considered a fund administration expense. Under the terms of the Funds' simplified prospectus, each Fund is responsible for the payment of its administration and operating expenses. The Manager recovers these expenses from each Fund through fixed administration fees and the amounts of these charges are disclosed in the line item "Administration Fees" in each Fund's Statements of Comprehensive Income (Loss).

The Company is an indirect wholly owned subsidiary of Sun Life Financial Inc.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

9. Financial Risk Management

Each Fund is exposed indirectly through underlying investments to various types of risks that are associated with its investment strategies, financial instruments, and markets in which it invests. These risks include credit risk, market risk (which includes currency risk, interest rate risk and other market risk), liquidity risk and concentration risk.

The value of investments within a Fund's portfolio can fluctuate on a daily basis as a result of corporate developments, changes in interest rates, changes in the level of inflation, and other political and economic developments. The level of risk depends on the Fund's investment objectives and the type of securities in which it invests.

These risks and related risk management practices employed by the Funds are discussed below and for each Fund specifically in the "Financial Risk Management" section in the Fund Specific Notes to the Financial Statements. Additional risks that may be associated with investments in the Funds are described in the simplified prospectus of the Funds.

(a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with a Fund. The Funds' main credit risk concentration is spread between short-term debt securities, fixed income securities, and derivative contracts, and represents the maximum credit risk exposure of the Funds. The Funds limit their exposure to credit risk by placing their cash and cash equivalents, derivative instruments and fixed income securities with high credit quality counterparties.

All transactions in listed securities are settled upon delivery using approved brokers/dealers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker/dealer has received payment. Payment is made on a purchase once the securities have been received by the broker/dealer. The trade will fail if either party fails to meet its obligation.

(b) Market risk

(i) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the Canadian dollar (the functional currency of the Funds), will fluctuate due to changes in foreign exchange rates. The "Financial Risk Management" section in the Fund Specific Notes to the Financial Statements identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted into the Canadian dollar in determining fair value. The Funds could be exposed to currency risk if the value of the foreign currency changes unfavourably.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Funds invest in interest-bearing financial instruments. The Funds are exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

(iii) Other market risk

Other market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Funds is determined by the fair value of the financial instruments.

The value of investments in various markets can be affected by political, social and economic instability, diplomatic developments, imposition of taxes, expropriation of assets, and ability to invest in and withdraw assets from these markets. The Manager moderates this risk through diversification of the Funds. The Manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges.

(c) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable shares. The shares of the Funds are redeemed on demand at the current NAV per share at the option of the shareholder. Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily transacted. In addition, the Funds aim to retain sufficient cash and cash equivalent positions to maintain liquidity. Each Fund may, from time to time, hold securities that are not traded in an active market and may be illiquid. All liabilities mature within three months.

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposure within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Funds limit their exposure to concentration risk through diversification and a thorough understanding of each investment in the portfolio.

Notes to Financial Statements

For the periods ended December 31, 2018 and December 31, 2017

(e) Fair value measurement

The Funds categorize assets and liabilities recorded at fair value based upon a fair value hierarchy. The Funds classify fair value measurements within a hierarchy that gives the highest priority to unadjusted quoted prices in active markets when the related security or derivative is actively traded (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- 1) Level 1 - for unadjusted quoted prices in active markets when the related security or derivative is actively traded.
- 2) Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3 - for inputs that are based on unobservable market data.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such a case, the instrument is reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. If the Fund's equities do not trade frequently, observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

All fair value measurements are recurring. The carrying values of short-term investments, due from investment dealers, accrued interest, dividends receivable, distributions receivable from underlying funds, subscriptions receivable, accrued expenses, redemptions payable, distributions payable, due to investment dealers, management fees payable and the Fund's obligation for Net Assets Attributable to Holders of Redeemable Shares approximate their fair values due to their short-term nature.

10. Capital Management

The Funds have no restrictions or specific capital requirements on the subscription and redemption of shares. Specifically, the Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectus. The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares identify changes in capital during the period. The capital of the Funds is managed in accordance with the Funds' investment objectives including managing their liquidity in order to be able to meet redemptions as discussed in note 9(c).

11. Comparative Balances

The comparative financial statements may have been reclassified from the statements previously presented in order to conform to the current period's presentation.

ANNUAL FINANCIAL STATEMENTS

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 Balanced Class

Sun Life Granite Balanced Growth Class

Sun Life Granite Conservative Class

Sun Life Granite Growth Class

Sun Life Granite Moderate Class

Sun Life MFS Canadian Equity Growth Class (formerly Sun Life MFS Canadian Equity Class)

Sun Life MFS Dividend Income Class

Sun Life MFS Global Growth Class

Sun Life MFS International Growth Class

Sun Life MFS U.S. Growth Class

Sun Life Money Market Class

Sun Life Sentry Value Class

Sun Life Trimark Canadian Class

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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.

Sun Life Global Investments (Canada) Inc.
1 York Street, Toronto, Ontario, M5J 0B6
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



I L L U M I N A T I N G