



Independent Review Committee
2019 Report to Securityholders
Sun Life Global Investments Mutual Funds

December 31, 2019

Dear Investor:

We are pleased to publish this annual report to investors of the investment funds managed by Sun Life Global Investments (Canada) Inc. (the “Manager”) and listed in Schedule “A” (the “Funds”). This report relates to the financial year ended December 31, 2019.

Securities regulators have given your independent review committee a specific role to review mutual fund conflict of interest matters identified and referred to us by the Manager and to give our approval or recommendation. Our focus is on the question of whether the Manager’s proposed action achieves a fair and reasonable result for the Funds.

We continued to meet with the Manager on a quarterly basis in 2019 to receive the Manager’s reports of compliance with its policies. In addition, we held two special meetings to consider matters referred to us by the Manager. The independent review committee met privately, without members of management present, at each of our regular, quarterly meetings. We completed our annual assessment of the adequacy and effectiveness of the Manager’s conflict of interest policies and procedures. We also assessed our effectiveness as an independent review committee, the effectiveness and contribution of each of our members, and the independence and compensation of our members.

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

We look forward to the continuation of an effective working relationship with the Manager for the benefit of the Funds.

A handwritten signature in black ink, appearing to read "Nancy E. Church".

Nancy E. Church
Chair of the Independent Review Committee

Members of your Independent Review Committee (“IRC”)

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

Holding of Securities

(a) Funds

As at December 31, 2019, the percentage of securities of each series of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent of that series.

(b) Manager

As at December 31, 2019, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Any person or company that provides services to the investment fund or the manager as at December 31, 2019

As at December 31, 2019, the percentage of securities of each class of voting or equity securities of any person or company that provides services to the Funds or the Manager beneficially owned, directly or indirectly, in aggregate by all members of the IRC was less than 0.001 per cent.

Compensation and Indemnities

The aggregate compensation paid and expenses reimbursed by the Funds to the members of the IRC for the year was \$107,950. This compensation was in line with the Manager's recommendation. This amount was allocated among the Funds managed by SLGI in a manner that was considered by the Manager to be fair and reasonable to the Funds.

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

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

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

Conflict of Interest Matters

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

Approvals pursuant to Standing Instructions

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

1. Allowing the Funds to purchase and hold securities of the related issuer, Sun Life Financial Inc.
2. Allowing the Funds to purchase or sell equity and debt securities from or to a related dealer when the related dealer is acting as principal.
3. Allowing the Funds to purchase securities from or sell securities to another fund managed by the Manager or an affiliate of the Manager.

Positive Recommendations pursuant to Standing Instructions

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

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

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

Positive Recommendations

The IRC provided a positive recommendation for the following conflict of interest matter referred to the IRC by the Manager:

1. In connection with a planned change to the investment objectives of the Sun Life Infrastructure Fund (the "**Fund**"), the proposed change in portfolio sub-advisor from Lazard Asset Management (Canada) Inc. to a related sub-advisor, MFS Investment Management Canada Limited, for the real estate portion of the Fund's investment portfolio. The change to the investment objectives was approved by the Fund's unitholders on May 17, 2019 and became effective on May 24, 2019. The Fund also changed its name to the Sun Life Real Assets Fund effective May 31, 2019.

Schedule “A”

Funds covered by this report

***As of December 31, 2019*

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

Sun Life Franklin Bissett Canadian Equity Class*
Sun Life Granite Conservative Class*
Sun Life Granite Moderate Class*
Sun Life Granite Balanced Class*
Sun Life Granite Balanced Growth Class*
Sun Life Granite Growth Class*
Sun Life MFS Dividend Income Class*
Sun Life MFS U.S. Growth Class*
Sun Life MFS Global Growth Class*
Sun Life MFS International Growth Class*
Sun Life Money Market Class*
Sun Life Sentry Value Class*
Sun Life Invesco Canadian Class* (formerly the Sun Life Trimark Canadian Class)
Sun Life Ryan Labs U.S. Core Fixed Income Fund
Sun Life JPMorgan International Equity Fund
Sun Life MFS Canadian Equity Growth Class
Sun Life Tactical Fixed Income ETF Portfolio
Sun Life Tactical Conservative ETF Portfolio
Sun Life Tactical Balanced ETF Portfolio
Sun Life Tactical Growth ETF Portfolio
Sun Life Tactical Equity ETF Portfolio
Sun Life Excel High Income Fund
Sun Life Excel Emerging Markets Balanced Fund
Sun Life Excel India Fund
Sun Life Excel New India Leaders Fund
Sun Life Excel India Balanced Fund
Sun Life Excel China Fund
New Leaders Class
Growth and Income Class

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

Schedule “B”

The IRC received a report from the Manager about a breach of its Trading Policy relating to inter-fund trading with the Sun Life Dynamic Strategic Yield Fund. It is a condition of the IRC’s approval standing instruction that the Manager comply with its policy. Due to a misunderstanding between the sub-advisor of the Fund and the Manager, the sub-advisor made inter-fund trades over an extended period between the Fund and accounts managed by the sub-advisor. Inter-fund trading regulation allows trades only between funds or accounts managed by the same fund manager. The IRC received assurances that the trades were made, in all other aspects, in accordance with regulation and in the best interests of the Fund. The IRC is satisfied that the activity has ceased and that the Manager has enhanced its oversight of sub-advisor activity in this regard.