



Independent Review Committee  
2023 Report to Securityholders  
Sun Life Global Investments Mutual Funds

December 31, 2023

Dear Investor:

We are pleased to publish this annual report to investors of the investment funds managed by SLGI Asset Management Inc. (the "Manager") and listed in Schedule "A" (the "Funds"). This report relates to the financial year ended December 31, 2023.

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 held regularly scheduled meetings with the Manager on a quarterly basis in 2023 to receive the Manager's reports of compliance with its policies. In addition, three special meetings were held to consider conflict of interest matters identified by the Manager. The committee met privately, without members of management present, for each meeting. 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.

The Manager is transparent and responsive in its dealings with the committee. We look forward to the continuation of our effective working relationship with the Manager for the benefit of the Funds.

*"Frank Lippa"*

Frank Lippa  
Chair of the Independent Review Committee

## Members of your Independent Review Committee (“IRC”)

<u>Name</u>	<u>Residence</u>	<u>Length of Service</u>
<b><i>Nancy Church</i></b> <sup>1</sup>	Brantford, Ontario	June 8, 2017 to June 7, 2023
<b><i>André Fok Kam</i></b>	Montreal, Quebec	August 20, 2018 to June 30, 2023
<b><i>Frank Lippa</i></b> <sup>2</sup>	Richmond Hill, Ontario	August 19, 2020 to present
<b><i>Carol Sands</i></b>	Newmarket, Ontario	June 8, 2023 to present
<b><i>Ann David</i></b>	Montreal, Quebec	July 1, 2023 to present

### Notes:

<sup>1</sup> Chair of the IRC from June 8, 2017 to May 1, 2023 and completed her term as an IRC Member.

<sup>2</sup> Chair of the IRC from May 1, 2023 to present.

## Holding of Securities

### ***(a) Funds***

As at December 31, 2023, 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, 2023, 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, 2023***

As at December 31, 2023, the percentage of securities of each class or series of voting or equity securities in 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 insignificant and was considered by the IRC to have no impact on the independence or objectivity of its members.

## **Compensation and Indemnities**

The aggregate compensation paid and expenses reimbursed by the Funds to the members of the IRC for the year was \$138,247. This compensation was in line with the Manager's recommendation. This amount was allocated among the Funds managed by the Manager 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 interests 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 and 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 Sun Life Core Advantage Credit Private Pool to purchase securities of SLC Management Short Term Private Fixed Income Plus Fund without prior investor consent.
4. Allowing the Funds to purchase securities of Affiliate Investment Vehicles without prior investor consent.

### *Positive Recommendations and 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 sets out the process the Manager will follow in charging expenses to the Funds; allocating expenses between the Manager and the Funds and allocating 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 sets out the steps the Manager will follow 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) error correction, which directs the circumstances and manner in which the Manager will correct trading errors in the portfolio investments of a Fund; and (ii) fair allocations of investment opportunities.
5. 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.
6. Proxy Voting Policy, which directs how the Manager will vote a Fund's proxies of securities issued by Sun Life Financial Inc. and its affiliates and when voting a Fund's proxy will raise a possible conflict of interest for the Manager or a sub-advisor related to the Manager.
7. 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.
8. Client Name Registered Investments in Terminating Funds Policy, which sets out the process the Manager will follow to switch remaining client name registered investments in a terminating fund into the Sun Life Money Market Fund.
9. Large Investments in the Funds Policy, which sets out the steps the Manager will take to monitor, detect and report on large investments in the Funds, including investments made by the Manager and its affiliates.
10. Seed Capital Redemption Policy, which sets out the process the Manager will follow to allow a redemption of seed capital invested in a Fund by the Manager or its affiliates.
11. Dealing with Fund Capacity Issues Policy, which sets out the steps the Manager will take when its internal portfolio managers redeem securities held in a client account of a Fund for which there are identified concerns or limits about capacity.
12. Gifts and Entertainment Policy, which requires the Manager to monitor the acceptance or offering of gifts and entertainment by any SLGI employees or Sun Life employees that provide services to the Manager and that could give rise to a potential

conflict of interest.

13. In-Specie Transactions for Funds that are Reporting Issuers Policy, which outlines the process the Manager will follow to undertake in-specie transactions with an affiliated entity as well as between the Funds, effective November 3, 2023.
14. Limited Selective Disclosure Policy, which sets out the framework for the Manager to provide fund information to institutional investors, effective January 1, 2024.
15. Use of Affiliated Trade Support Services Providers Policy, which sets out the framework for the Manager to oversee its affiliate that provides trade desk support services to the Manager, effective January 1, 2024.

### *Positive Recommendations*

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

1. The IRC was of the opinion that the Manager's proposed course of action with respect to an additional distribution of capital gains paid to the unitholders of Sun Life MFS International Opportunities Fund (the "Concerned Fund") on December 20, 2022 as a result of the Manager incorrectly applying for the Capital Gains Refund Mechanism for the Concerned Fund in 2022 would achieve a fair and reasonable result for the Concerned Fund. The IRC gave a positive recommendation to the proposed actions on May 9, 2023 and subsequently for a revised approach on July 20, 2023.
2. The IRC was of the opinion that the Manager's proposed in-specie transactions for Sun Life Acadian International Equity Fund, Sun Life JPMorgan International Equity Fund, Sun Life Granite Conservative Portfolio, Sun Life Granite Moderate Portfolio, Sun Life Granite Balanced Portfolio, Sun Life Granite Balanced Growth Portfolio, and Sun Life Granite Growth Portfolio (the "Applicable Funds") would achieve a fair and reasonable result for each of the Applicable Funds, and it gave a positive recommendation to the proposed action. After completing additional analysis on trading costs and operational risk relating to the proposed action, the Manager re-assessed its original decision and decided not to proceed with the in-specie transactions.

## Schedule "A"

### Funds covered by this report

*As of December 31, 2023*

Sun Life Aditya Birla India Fund  
Sun Life Amundi Emerging Markets Debt Fund  
Sun Life BlackRock Canadian Composite Equity Fund  
Sun Life BlackRock Canadian Equity Fund  
Sun Life BlackRock Canadian Universe Bond Fund  
Sun Life Core Advantage Credit Private Pool  
Sun Life Crescent Specialty Credit Private Pool  
Sun Life Dynamic Equity Income Fund  
Sun Life Dynamic Strategic Yield Fund  
Sun Life Global Tactical Yield Private Pool  
Sun Life Granite Balanced Growth Portfolio  
Sun Life Granite Balanced Portfolio  
Sun Life Granite Conservative Portfolio  
Sun Life Granite Enhanced Income Portfolio  
Sun Life Granite Growth Portfolio  
Sun Life Granite Income Portfolio  
Sun Life Granite Moderate Portfolio  
Sun Life Granite Tactical Completion Fund  
Sun Life Acadian International Equity Fund  
Sun Life JPMorgan International Equity Fund  
Sun Life Risk Managed U.S. Equity Fund  
Sun Life KBI Global Dividend Private Pool  
Sun Life KBI Sustainable Infrastructure Private Pool  
Sun Life Net Zero Target Bond Fund  
Sun Life MFS Canadian Bond Fund  
Sun Life MFS Canadian Equity Fund  
Sun Life MFS Diversified Income Fund  
Sun Life MFS Global Growth Fund  
Sun Life MFS Global Total Return Fund  
Sun Life MFS Global Value Fund  
Sun Life MFS International Opportunities Fund  
Sun Life MFS International Value Fund

Sun Life MFS Low Volatility Global Equity Fund  
Sun Life MFS Low Volatility International Equity Fund  
Sun Life MFS U.S. Equity Fund  
Sun Life MFS U.S. Growth Fund  
Sun Life MFS U.S. Mid Cap Growth Fund  
Sun Life MFS U.S. Value Fund  
Sun Life Milestone 2025 Fund  
Sun Life Milestone 2030 Fund  
Sun Life Milestone 2035 Fund  
Sun Life Milestone Global Equity Fund  
Sun Life Money Market Fund  
Sun Life Multi-Strategy Bond Fund  
Sun Life Nuveen Flexible Income Fund  
Sun Life Real Assets Private Pool  
Sun Life Schroder Emerging Markets Fund  
Sun Life Schroder Global Mid Cap Fund  
Sun Life Tactical Balanced ETF Portfolio  
Sun Life Tactical Conservative ETF Portfolio  
Sun Life Tactical Equity ETF Portfolio  
Sun Life Tactical Fixed Income ETF Portfolio  
Sun Life Tactical Growth ETF Portfolio  
Sun Life U.S. Core Fixed Income Fund  
Sun Life Wellington Opportunistic Fixed Income Private Pool  
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 Global Growth Class\*  
Sun Life MFS International Opportunities Class\*  
Sun Life MFS U.S. Growth Class\*  
Sun Life Money Market Class\*

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

## Schedule “B”

- 1) In a Recommendation Standing Instruction, the Manager was required to comply with its Trading Policy relating to the Written Consent Relief dated November 26, 2020 and specific to the Sun Life Core Advantage Credit Private Pool (the “Top Fund”). The Written Consent Relief stipulates that the Top Fund will not make additional investments in the SLC Management Short Term Private Fixed Income Plus Fund (Short Term PFI Fund), which is considered an “illiquid asset” as defined in NI 81-102 - when the Top Fund’s holdings of illiquid assets, exceed 10% of its total assets.

The Manager did not meet this condition and self-determined to be in breach of s.2.4(1) of NI 81-102 when the Short Term PFI Fund reinvested distributions in additional units while the Top Fund was above the 10% illiquid asset threshold as a result of market movement. The IRC is satisfied that the Manager has taken appropriate action to deal with the matter and prevent reoccurrence.

- 2) In a Recommendation Standing Instruction, the Manager was required to comply with its Trading Policy relating to Error Correction. The Manager did not meet this condition and identified a breach of NI 81-102 concerning the Sun Life MFS Global Total Return Fund relating to a currency forward transaction with Credit Suisse International that did not meet the designated rating requirements in s.2.7 of NI 81-102. The IRC is satisfied that the Manager has taken appropriate action to deal with the matter.

- 3) In a Recommendation Standing Instruction, the Manager was required to comply with its Fund Asset Valuation Policy. The Manager reported a valuation issue which resulted in material negative impact to the Net Asset Value (“NAV”) of the Sun Life MFS Canadian Bond Fund (the “Affected Fund”). The Affected Fund was also an underlying fund for each of the Sun Life Granite Enhanced Income Portfolio and Sun Life Granite Income Portfolio (the “Top Funds” and together with the Affected Fund, the “Impacted Funds”). The Manager made the Impacted Funds and their securityholders whole and reviewed its valuation processes. The IRC is satisfied that the Manager has taken appropriate action to deal with the matter.

The Manager also reported a valuation issue that resulted in a material negative impact to the NAV of the Sun Life Amundi Emerging Market Debt Fund (the “Sun Life Amundi Fund”). The Manager made the Sun Life Amundi Fund and its securityholders whole and reviewed its valuation processes. The IRC is satisfied that the Manager has taken appropriate action to deal with the matter.