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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC

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## ANNUAL FINANCIAL STATEMENTS

for the period ended December 31, 2019

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 Invesco Canadian Class (formerly Sun Life Trimark Canadian Class)

Sun Life MFS Canadian Equity Growth 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



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

(collectively, the "Funds")

### Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2019 and 2018, 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, 2019 and 2018, 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 other 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 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.

Waterloo, Canada  
March 30, 2020

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants  
Licensed Public Accountants

# Sun Life BlackRock Canadian Balanced Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>1,855,569</b>          | 1,796,831                 |
| Cash                                                                                  | -                         | 9,264                     |
| Due from investment dealers                                                           | <b>14,218</b>             | -                         |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | -                         | -                         |
|                                                                                       | <b>1,869,787</b>          | 1,806,095                 |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | <b>1,471</b>              | -                         |
| Accrued expenses                                                                      | <b>32</b>                 | 31                        |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | -                         | 803                       |
| Management fees payable                                                               | <b>670</b>                | 567                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>2,173</b>              | 1,401                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>1,867,614</b>          | 1,804,694                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>1,097,331</b>          | 1,009,752                 |
| Series AT5                                                                            | <b>58,203</b>             | 53,159                    |
| Series F                                                                              | <b>121,194</b>            | 182,661                   |
| Series FT5                                                                            | <b>11,604</b>             | 50,030                    |
| Series O                                                                              | <b>579,282</b>            | 509,092                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>12.76</b>              | 11.38                     |
| Series AT5                                                                            | <b>13.96</b>              | 13.04                     |
| Series F                                                                              | <b>13.72</b>              | 12.11                     |
| Series FT5                                                                            | <b>15.08</b>              | 13.93                     |
| Series O                                                                              | <b>12.84</b>              | 11.27                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)   | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                |              |
| Interest income                                                                                                                            | <b>100</b>     | 35           |
| Distributions from underlying funds                                                                                                        | <b>44,556</b>  | 42,476       |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>44,577</b>  | 28,140       |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>187,553</b> | (146,122)    |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>276,786</b> | (75,471)     |
| <b>Total income (loss)</b>                                                                                                                 | <b>276,786</b> | (75,471)     |
| <b>Expenses (note 5)</b>                                                                                                                   |                |              |
| Management fees                                                                                                                            | <b>18,765</b>  | 20,476       |
| Fixed annual administration fees                                                                                                           | <b>990</b>     | 1,059        |
| Independent review committee fees                                                                                                          | <b>18</b>      | 34           |
| Total operating expenses                                                                                                                   | <b>19,773</b>  | 21,569       |
| Fees waived/absorbed by the Manager                                                                                                        | -              | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>257,013</b> | (97,040)     |
| <b>Finance Cost</b>                                                                                                                        |                |              |
| Interest expense                                                                                                                           | -              | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>257,013</b> | (97,040)     |
| Income taxes                                                                                                                               | -              | -            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>257,013</b> | (97,040)     |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                |              |
| Series A                                                                                                                                   | <b>138,946</b> | (60,243)     |
| Series AT5                                                                                                                                 | <b>7,796</b>   | (3,510)      |
| Series F                                                                                                                                   | <b>17,570</b>  | (8,576)      |
| Series FT5                                                                                                                                 | <b>6,233</b>   | (2,415)      |
| Series O                                                                                                                                   | <b>86,468</b>  | (22,296)     |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                |              |
| Series A                                                                                                                                   | <b>82,500</b>  | 87,649       |
| Series AT5                                                                                                                                 | <b>4,051</b>   | 4,503        |
| Series F                                                                                                                                   | <b>6,605</b>   | 14,890       |
| Series FT5                                                                                                                                 | <b>2,060</b>   | 5,237        |
| Series O                                                                                                                                   | <b>46,034</b>  | 41,532       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                |              |
| Series A                                                                                                                                   | <b>1.68</b>    | (0.69)       |
| Series AT5                                                                                                                                 | <b>1.92</b>    | (0.78)       |
| Series F                                                                                                                                   | <b>2.66</b>    | (0.58)       |
| Series FT5                                                                                                                                 | <b>3.03</b>    | (0.46)       |
| Series O                                                                                                                                   | <b>1.88</b>    | (0.54)       |

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       |                |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|---------------|---------------|----------------|----------------|
|                                                                                                                          | 2019                | 2018             | 2019          | 2018          | 2019           | 2018           |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 1,009,752        | 1,081,937        | 53,159        | 65,910        | 182,661        | 191,693        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 138,946          | (60,243)         | 7,796         | (3,510)       | 17,570         | (8,576)        |
| Redeemable Share Transactions                                                                                            |                     |                  |               |               |                |                |
| Proceeds from redeemable shares issued                                                                                   | \$ 200,114          | 341,169          | -             | 3             | 182,715        | 16             |
| Redemption of redeemable shares                                                                                          | \$ (252,450)        | (353,111)        | (2,797)       | (9,244)       | (261,879)      | (472)          |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 27,062           | 22,695           | 4,100         | 4,600         | 3,076          | 4,084          |
| Capitalized distributions                                                                                                | \$ -                | -                | -             | -             | -              | -              |
|                                                                                                                          | \$ (25,274)         | 10,753           | 1,303         | (4,641)       | (76,088)       | 3,628          |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |               |               |                |                |
| From capital gains                                                                                                       | \$ (11,859)         | (10,258)         | (667)         | (629)         | (1,377)        | (1,834)        |
| From net investment income                                                                                               | \$ (14,234)         | (12,437)         | (755)         | (655)         | (1,572)        | (2,250)        |
| Return of capital                                                                                                        | \$ -                | -                | (2,633)       | (3,316)       | -              | -              |
|                                                                                                                          | \$ (26,093)         | (22,695)         | (4,055)       | (4,600)       | (2,949)        | (4,084)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 87,579           | (72,185)         | 5,044         | (12,751)      | (61,467)       | (9,032)        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 1,097,331</b> | <b>1,009,752</b> | <b>58,203</b> | <b>53,159</b> | <b>121,194</b> | <b>182,661</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |               |               |                |                |
| Balance - beginning of period                                                                                            | 88,739              | 87,742           | 4,075         | 4,427         | 15,089         | 14,781         |
| Shares issued                                                                                                            | 16,135              | 28,755           | -             | 2             | 13,759         | 13             |
| Shares issued on reinvestment of distributions                                                                           | 2,100               | 1,949            | 295           | 328           | 222            | 331            |
| Shares redeemed                                                                                                          | (20,982)            | (29,707)         | (201)         | (682)         | (20,238)       | (36)           |
| Balance - end of period                                                                                                  | <b>85,992</b>       | <b>88,739</b>    | <b>4,169</b>  | <b>4,075</b>  | <b>8,832</b>   | <b>15,089</b>  |

  

|                                                                                                                          | Series FT5       |               | Series O       |                | Total            |                  |
|--------------------------------------------------------------------------------------------------------------------------|------------------|---------------|----------------|----------------|------------------|------------------|
|                                                                                                                          | 2019             | 2018          | 2019           | 2018           | 2019             | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 50,030        | -             | 509,092        | 417,930        | <b>1,804,694</b> | <b>1,757,470</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 6,233         | (2,415)       | 86,468         | (22,296)       | <b>257,013</b>   | <b>(97,040)</b>  |
| Redeemable Share Transactions                                                                                            |                  |               |                |                |                  |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ -             | 145,626       | 40,444         | 216,376        | 423,273          | 703,190          |
| Redemption of redeemable shares                                                                                          | \$ (43,371)      | (90,000)      | (56,723)       | (102,918)      | (617,220)        | (555,745)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 829           | 1,301         | 13,916         | 10,258         | 48,983           | 42,938           |
| Capitalized distributions                                                                                                | \$ -             | -             | -              | -              | -                | -                |
|                                                                                                                          | \$ (42,542)      | 56,927        | (2,363)        | 123,716        | <b>(144,964)</b> | <b>190,383</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                  |               |                |                |                  |                  |
| From capital gains                                                                                                       | \$ (627)         | (100)         | (6,395)        | (3,983)        | (20,925)         | (16,804)         |
| From net investment income                                                                                               | \$ (151)         | (624)         | (7,520)        | (6,275)        | (24,232)         | (22,241)         |
| Return of capital                                                                                                        | \$ (1,339)       | (3,758)       | -              | -              | (3,972)          | (7,074)          |
|                                                                                                                          | \$ (2,117)       | (4,482)       | (13,915)       | (10,258)       | <b>(49,129)</b>  | <b>(46,119)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ (38,426)      | 50,030        | 70,190         | 91,162         | <b>62,920</b>    | <b>47,224</b>    |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 11,604</b> | <b>50,030</b> | <b>579,282</b> | <b>509,092</b> | <b>1,867,614</b> | <b>1,804,694</b> |
| Redeemable Share Transactions                                                                                            |                  |               |                |                |                  |                  |
| Balance - beginning of period                                                                                            | 3,592            | -             | 45,190         | 34,820         | <b>156,685</b>   | <b>141,770</b>   |
| Shares issued                                                                                                            | -                | 9,532         | 3,267          | 18,265         | 33,161           | 56,567           |
| Shares issued on reinvestment of distributions                                                                           | 56               | 87            | 1,120          | 898            | 3,793            | 3,593            |
| Shares redeemed                                                                                                          | (2,878)          | (6,027)       | (4,472)        | (8,793)        | (48,771)         | (45,245)         |
| Balance - end of period                                                                                                  | <b>770</b>       | <b>3,592</b>  | <b>45,105</b>  | <b>45,190</b>  | <b>144,868</b>   | <b>156,685</b>   |

*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

|                                                                                                                          | 2019<br>(\$)     | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                  |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>257,013</b>   | (97,040)     |
| Adjustments for:                                                                                                         |                  |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(44,577)</b>  | (28,140)     |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(187,553)</b> | 146,122      |
| Non-cash income distributions from underlying funds                                                                      | <b>(44,556)</b>  | (42,476)     |
| Purchases of investments                                                                                                 | <b>(300,739)</b> | (491,542)    |
| Proceeds from sale of investments                                                                                        | <b>503,666</b>   | 377,802      |
| Change in accrued interest                                                                                               | -                | -            |
| Change in distributions receivable from underlying funds                                                                 | -                | -            |
| Change in management fees payable                                                                                        | <b>103</b>       | 45           |
| Change in other payables and accrued expenses                                                                            | <b>1</b>         | 1            |
| Change in income tax payable                                                                                             | -                | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>183,358</b>   | (135,228)    |
| <b>Cash Flows from Financing Activities</b>                                                                              |                  |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(146)</b>     | (3,181)      |
| Proceeds from redeemable shares issued                                                                                   | <b>423,273</b>   | 703,190      |
| Redemption of redeemable shares                                                                                          | <b>(617,220)</b> | (555,745)    |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>(194,093)</b> | 144,264      |
| Net increase (decrease) in cash                                                                                          | <b>(10,735)</b>  | 9,036        |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>9,264</b>     | 228          |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>(1,471)</b>   | 9,264        |
| Interest received                                                                                                        | <b>100</b>       | 35           |
| Income taxes paid                                                                                                        | -                | -            |
| Interest paid                                                                                                            | -                | -            |

## Schedule of Investments

As at December 31, 2019

|                                                     | Number of Shares | Average Cost (\$) | Fair Value (\$)  | % of Total Net Assets |
|-----------------------------------------------------|------------------|-------------------|------------------|-----------------------|
| <b>MUTUAL FUNDS</b>                                 |                  |                   |                  |                       |
| Sun Life BlackRock Canadian Balanced Fund, Series I | 130,375          | 1,645,738         | 1,855,569        |                       |
|                                                     |                  | <b>1,645,738</b>  | <b>1,855,569</b> | <b>99.36</b>          |
| <b>Total Investments</b>                            |                  | <b>1,645,738</b>  | <b>1,855,569</b> | <b>99.36</b>          |
| <b>Other Assets less Liabilities</b>                |                  |                   | <b>12,045</b>    | <b>0.64</b>           |
| <b>Total Net Assets</b>                             |                  |                   | <b>1,867,614</b> | <b>100.00</b>         |

## 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 8 to the financial statements.

### (a) Credit risk

As at December 31, 2019 and December 31, 2018, 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 Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 0.34                         | -                 |
| <b>Total</b> | <b>0.34</b>                  | <b>-</b>          |

*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 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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | December 31, 2019                         |                              | December 31, 2018                         |                              |
|----------------------|-------------------------------------------|------------------------------|-------------------------------------------|------------------------------|
|                      | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) |
| United States Dollar | 213,097                                   | 11.41                        | 151,328                                   | 8.39                         |
| <b>Total</b>         | <b>213,097</b>                            | <b>11.41</b>                 | <b>151,328</b>                            | <b>8.39</b>                  |

As at December 31, 2019, 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 \$10,655 (\$7,566 as at December 31, 2018). 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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>           |                              |                   |
| Foreign Bonds                          | 15.4                         | 16.8              |
| Information Technology                 | 5.7                          | 4.9               |
| Health Care                            | 4.7                          | 4.6               |
| Consumer Discretionary                 | 2.8                          | 2.6               |
| Consumer Staples                       | 2.4                          | 2.3               |
| Communication Services                 | 1.9                          | 1.8               |
| Industrials                            | 1.4                          | 1.3               |
| Real Estate                            | 0.1                          | 0.2               |
| Utilities                              | -                            | 0.1               |
| <b>Mutual Funds</b>                    |                              |                   |
| Canadian Equities                      | 41.0                         | 41.5              |
| Canadian Fixed Income                  | 23.5                         | 23.4              |
| <b>Derivative Assets (Liabilities)</b> | <b>0.3</b>                   | <b>(0.3)</b>      |
| <b>Other Assets less Liabilities</b>   | <b>0.8</b>                   | <b>0.8</b>        |
| <b>Total</b>                           | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 1,855,569         | -            | -            | 1,855,569  |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the “Manager”) is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series A   | 14,520            | 185,287           |
| Series AT5 | 1,022             | 14,270            |
| Series F   | 2,054             | 28,184            |
| Series FT5 | 770               | 11,605            |

  

|            | 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             |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series A   | 447               | -                | 4,419              |
| Series AT5 | 34                | -                | 980                |
| Series F   | 68                | -                | 669                |
| Series FT5 | 28                | -                | 790                |

  

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

## 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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>15,918,677</b>         | 12,296,783                |
| Cash                                                                                  | <b>116,142</b>            | 8,757                     |
| Due from investment dealers                                                           | <b>16,287</b>             | -                         |
| Accrued interest                                                                      | -                         | 72                        |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>400</b>                | 6,237                     |
|                                                                                       | <b>16,051,506</b>         | 12,311,849                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>44</b>                 | 28                        |
| Redemptions payable                                                                   | <b>16,992</b>             | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | -                         | 6,495                     |
| Management fees payable                                                               | <b>420</b>                | 270                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>17,456</b>             | 6,793                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>16,034,050</b>         | 12,305,056                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>937,955</b>            | 749,125                   |
| Series AT5                                                                            | <b>15,317</b>             | 12,612                    |
| Series F                                                                              | <b>261,615</b>            | 50,466                    |
| Series FT5                                                                            | <b>110,278</b>            | 90,700                    |
| Series I                                                                              | <b>14,574,970</b>         | 11,285,781                |
| Series O                                                                              | <b>133,915</b>            | 116,372                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>11.91</b>              | 10.18                     |
| Series AT5                                                                            | <b>12.99</b>              | 11.61                     |
| Series F                                                                              | <b>12.36</b>              | 10.49                     |
| Series FT5                                                                            | <b>14.86</b>              | 13.19                     |
| Series I                                                                              | <b>10.97</b>              | 9.26                      |
| Series O                                                                              | <b>11.30</b>              | 9.54                      |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|
| <b>Investment Income</b>                                                                                                                   |                  |                    |
| Interest income                                                                                                                            | <b>411</b>       | 90                 |
| Distributions from underlying funds                                                                                                        | <b>583,927</b>   | 311,310            |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                    |
| Net realized gain (loss) on sale of investments                                                                                            | <b>131,888</b>   | 88,224             |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>2,164,656</b> | (1,562,080)        |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>2,880,882</b> | (1,162,456)        |
| <b>Total income (loss)</b>                                                                                                                 | <b>2,880,882</b> | (1,162,456)        |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                    |
| Management fees                                                                                                                            | <b>11,443</b>    | 10,271             |
| Fixed annual administration fees                                                                                                           | <b>1,220</b>     | 1,098              |
| Independent review committee fees                                                                                                          | <b>16</b>        | 22                 |
| Total operating expenses                                                                                                                   | <b>12,679</b>    | 11,391             |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -                  |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>2,868,203</b> | (1,173,847)        |
| <b>Finance Cost</b>                                                                                                                        |                  |                    |
| Interest expense                                                                                                                           | -                | -                  |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>2,868,203</b> | (1,173,847)        |
| Income taxes                                                                                                                               | -                | 228                |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>2,868,203</b> | <b>(1,174,075)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                    |
| Series A                                                                                                                                   | <b>162,089</b>   | (84,006)           |
| Series AT5                                                                                                                                 | <b>2,664</b>     | (1,359)            |
| Series F                                                                                                                                   | <b>23,579</b>    | (4,467)            |
| Series FT5                                                                                                                                 | <b>19,798</b>    | 241                |
| Series I                                                                                                                                   | <b>2,634,186</b> | (1,073,213)        |
| Series O                                                                                                                                   | <b>25,887</b>    | (11,271)           |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                    |
| Series A                                                                                                                                   | <b>75,438</b>    | 76,949             |
| Series AT5                                                                                                                                 | <b>1,117</b>     | 1,026              |
| Series F                                                                                                                                   | <b>14,684</b>    | 3,823              |
| Series FT5                                                                                                                                 | <b>7,040</b>     | 925                |
| Series I                                                                                                                                   | <b>1,283,823</b> | 1,203,468          |
| Series O                                                                                                                                   | <b>12,106</b>    | 11,666             |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                    |
| Series A                                                                                                                                   | <b>2.15</b>      | (1.09)             |
| Series AT5                                                                                                                                 | <b>2.38</b>      | (1.32)             |
| Series F                                                                                                                                   | <b>1.61</b>      | (1.17)             |
| Series FT5                                                                                                                                 | <b>2.81</b>      | 0.26               |
| Series I                                                                                                                                   | <b>2.05</b>      | (0.89)             |
| Series O                                                                                                                                   | <b>2.14</b>      | (0.97)             |

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     |               |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                                                                                                          | 2019              | 2018           | 2019          | 2018          | 2019           | 2018          | 2019           | 2018          |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 749,125        | 962,321        | 12,612        | 13,968        | 50,466         | 29,958        | 90,700         | -             |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 162,089        | (84,006)       | 2,664         | (1,359)       | 23,579         | (4,467)       | 19,798         | 241           |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |                |               |                |               |
| Proceeds from redeemable shares issued                                                                                   | \$ 227,826        | 215,376        | -             | 3             | 394,750        | 25,045        | -              | 90,459        |
| Redemption of redeemable shares                                                                                          | \$ (201,804)      | (344,566)      | -             | -             | (207,342)      | (70)          | (315)          | -             |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 31,883         | 47,042         | 1,201         | 1,449         | 7,681          | 1,989         | 8,423          | 3,009         |
| Capitalized distributions                                                                                                | \$ -              | -              | -             | -             | -              | -             | -              | -             |
|                                                                                                                          | \$ 57,905         | (82,148)       | 1,201         | 1,452         | 195,089        | 26,964        | 8,108          | 93,468        |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                |               |               |                |               |                |               |
| From capital gains                                                                                                       | \$ (5,542)        | (32,210)       | (93)          | (461)         | (373)          | (990)         | (668)          | (355)         |
| From net investment income                                                                                               | \$ (25,622)       | (14,832)       | (418)         | (249)         | (7,146)        | (999)         | (3,012)        | (1,796)       |
| Return of capital                                                                                                        | \$ -              | -              | (649)         | (739)         | -              | -             | (4,648)        | (858)         |
|                                                                                                                          | \$ (31,164)       | (47,042)       | (1,160)       | (1,449)       | (7,519)        | (1,989)       | (8,328)        | (3,009)       |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 188,830        | (213,196)      | 2,705         | (1,356)       | 211,149        | 20,508        | 19,578         | 90,700        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 937,955</b> | <b>749,125</b> | <b>15,317</b> | <b>12,612</b> | <b>261,615</b> | <b>50,466</b> | <b>110,278</b> | <b>90,700</b> |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |                |               |                |               |
| Balance - beginning of period                                                                                            | 73,614            | 80,580         | 1,086         | 970           | 4,810          | 2,448         | 6,874          | -             |
| Shares issued                                                                                                            | 19,828            | 18,606         | -             | 3             | 32,658         | 2,185         | -              | 6,651         |
| Shares issued on reinvestment of distributions                                                                           | 2,639             | 4,386          | 93            | 113           | 610            | 183           | 568            | 223           |
| Shares redeemed                                                                                                          | (17,340)          | (29,958)       | -             | -             | (16,907)       | (6)           | (22)           | -             |
| Balance - end of period                                                                                                  | <b>78,741</b>     | <b>73,614</b>  | <b>1,179</b>  | <b>1,086</b>  | <b>21,171</b>  | <b>4,810</b>  | <b>7,420</b>   | <b>6,874</b>  |

  

|                                                                                                                          | Series I             |                   | Series O       |                | Total             |                    |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------|----------------|-------------------|--------------------|
|                                                                                                                          | 2019                 | 2018              | 2019           | 2018           | 2019              | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 11,285,781        | 12,194,800        | 116,372        | 128,939        | <b>12,305,056</b> | <b>13,329,986</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,634,186         | (1,073,213)       | 25,887         | (11,271)       | <b>2,868,203</b>  | <b>(1,174,075)</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                   |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,479,626         | 2,823,578         | 3,750          | 7,113          | 3,105,952         | 3,161,574          |
| Redemption of redeemable shares                                                                                          | \$ (1,824,624)       | (2,659,384)       | (12,094)       | (8,409)        | (2,246,179)       | (3,012,429)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 482,223           | 657,302           | 4,526          | 6,371          | 535,937           | 717,162            |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -              | -              | -                 | -                  |
|                                                                                                                          | \$ 1,137,225         | 821,496           | (3,818)        | 5,075          | <b>1,395,710</b>  | <b>866,307</b>     |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                |                |                   |                    |
| From capital gains                                                                                                       | \$ (83,729)          | (433,905)         | (865)          | (4,064)        | (91,270)          | (471,985)          |
| From net investment income                                                                                               | \$ (398,493)         | (223,397)         | (3,661)        | (2,307)        | (438,352)         | (243,580)          |
| Return of capital                                                                                                        | \$ -                 | -                 | -              | -              | (5,297)           | (1,597)            |
|                                                                                                                          | \$ (482,222)         | (657,302)         | (4,526)        | (6,371)        | <b>(534,919)</b>  | <b>(717,162)</b>   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 3,289,189         | (909,019)         | 17,543         | (12,567)       | <b>3,728,994</b>  | <b>(1,024,930)</b> |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 14,574,970</b> | <b>11,285,781</b> | <b>133,915</b> | <b>116,372</b> | <b>16,034,050</b> | <b>12,305,056</b>  |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                   |                    |
| Balance - beginning of period                                                                                            | 1,218,717            | 1,136,098         | 12,196         | 11,650         | <b>1,317,297</b>  | <b>1,231,746</b>   |
| Shares issued                                                                                                            | 235,146              | 273,431           | 351            | 676            | 287,983           | 301,552            |
| Shares issued on reinvestment of distributions                                                                           | 44,403               | 67,917            | 405            | 640            | 48,718            | 73,462             |
| Shares redeemed                                                                                                          | (169,975)            | (258,729)         | (1,101)        | (770)          | (205,345)         | (289,463)          |
| Balance - end of period                                                                                                  | <b>1,328,291</b>     | <b>1,218,717</b>  | <b>11,851</b>  | <b>12,196</b>  | <b>1,448,653</b>  | <b>1,317,297</b>   |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>2,868,203</b>   | (1,174,075)  |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(131,888)</b>   | (88,224)     |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(2,164,656)</b> | 1,562,080    |
| Non-cash income distributions from underlying funds                                                                      | <b>(583,927)</b>   | (311,310)    |
| Purchases of investments                                                                                                 | <b>(2,655,021)</b> | (3,833,913)  |
| Proceeds from sale of investments                                                                                        | <b>1,890,816</b>   | 2,841,331    |
| Change in accrued interest                                                                                               | <b>72</b>          | (72)         |
| Change in distributions receivable from underlying funds                                                                 | -                  | 878,902      |
| Change in management fees payable                                                                                        | <b>150</b>         | -            |
| Change in other payables and accrued expenses                                                                            | <b>16</b>          | (4)          |
| Change in income tax payable                                                                                             | -                  | (3,366)      |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(776,235)</b>   | (128,651)    |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>1,018</b>       | -            |
| Proceeds from redeemable shares issued                                                                                   | <b>3,111,789</b>   | 3,180,596    |
| Redemption of redeemable shares                                                                                          | <b>(2,229,187)</b> | (3,012,429)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>883,620</b>     | 168,167      |
| Net increase (decrease) in cash                                                                                          | <b>107,385</b>     | 39,516       |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>8,757</b>       | (30,759)     |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>116,142</b>     | 8,757        |
| Interest received                                                                                                        | <b>483</b>         | 18           |
| Income taxes paid                                                                                                        | -                  | (3,594)      |
| Interest paid                                                                                                            | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                                             | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-------------------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                                         |                     |                      |                    |                          |
| Sun Life BlackRock Canadian Composite Equity Fund, Series I | 1,351,033           | 14,762,190           | 15,918,677         |                          |
|                                                             |                     | <b>14,762,190</b>    | <b>15,918,677</b>  | <b>99.28</b>             |
| <b>Total Investments</b>                                    |                     | <b>14,762,190</b>    | <b>15,918,677</b>  | <b>99.28</b>             |
| <b>Other Assets less Liabilities</b>                        |                     |                      | <b>115,373</b>     | <b>0.72</b>              |
| <b>Total Net Assets</b>                                     |                     |                      | <b>16,034,050</b>  | <b>100.00</b>            |

## 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 8 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 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 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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | December 31, 2019                         |                              | December 31, 2018                         |                              |
|----------------------|-------------------------------------------|------------------------------|-------------------------------------------|------------------------------|
|                      | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) |
| United States Dollar | 8,974                                     | 0.06                         | 7,981                                     | 0.06                         |
| <b>Total</b>         | <b>8,974</b>                              | <b>0.06</b>                  | <b>7,981</b>                              | <b>0.06</b>                  |

As at December 31, 2019, 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 \$449 (\$399 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$791,343 (\$605,357 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

## (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Equities</b>                      |                              |                   |
| Financials                           | 31.6                         | 32.6              |
| Energy                               | 16.8                         | 17.3              |
| Materials                            | 11.2                         | 11.0              |
| Industrials                          | 10.8                         | 9.9               |
| Information Technology               | 5.6                          | 3.9               |
| Communication Services               | 5.4                          | 5.8               |
| Utilities                            | 4.7                          | 4.0               |
| Consumer Discretionary               | 4.1                          | 4.2               |
| Consumer Staples                     | 3.8                          | 3.9               |
| Real Estate                          | 3.4                          | 3.1               |
| Health Care                          | 1.3                          | 1.5               |
| <b>Other Assets less Liabilities</b> | <b>1.3</b>                   | <b>2.8</b>        |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 15,918,677        | -            | -            | 15,918,677 |

  

|              | December 31, 2018 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 12,296,783        | -            | -            | 12,296,783 |

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the “Manager”) is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series A   | 17,840            | 212,504           |
| Series AT5 | 1,179             | 15,317            |
| Series F   | -                 | -                 |
| Series FT5 | 802               | 11,921            |
| Series I   | -                 | -                 |

|            | 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            |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series A   | 507               | -                | 7,093              |
| Series AT5 | 37                | -                | 1,160              |
| Series F   | 63                | 29,432           | 177                |
| Series FT5 | 28                | -                | 899                |
| Series I   | -                 | 12,265           | 77                 |

|            | 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                |

## 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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>8,167,147</b>          | 6,112,119                 |
| Cash                                                                                  | <b>45,187</b>             | 7,409                     |
| Due from investment dealers                                                           | <b>255</b>                | -                         |
| Accrued interest                                                                      | -                         | 12                        |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>16,035</b>             | 55,455                    |
|                                                                                       | <b>8,228,624</b>          | 6,174,995                 |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>30</b>                 | 20                        |
| Redemptions payable                                                                   | <b>300</b>                | 2,937                     |
| Distributions payable                                                                 | -                         | 733                       |
| Due to investment dealers                                                             | <b>16,035</b>             | 55,570                    |
| Management fees payable                                                               | <b>468</b>                | 349                       |
| Income tax payable                                                                    | <b>4,853</b>              | 3,675                     |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>21,686</b>             | 63,284                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>8,206,938</b>          | 6,111,711                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>714,623</b>            | 601,720                   |
| Series AT5                                                                            | <b>37,101</b>             | 35,218                    |
| Series AT8                                                                            | <b>44,171</b>             | 38,982                    |
| Series F                                                                              | <b>93,720</b>             | 57,937                    |
| Series FT5                                                                            | <b>12,157</b>             | 9,872                     |
| Series FT8                                                                            | <b>12,157</b>             | 9,872                     |
| Series I                                                                              | <b>6,874,972</b>          | 5,107,636                 |
| Series O                                                                              | <b>418,037</b>            | 250,474                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>13.21</b>              | 11.27                     |
| Series AT5                                                                            | <b>14.45</b>              | 12.90                     |
| Series AT8                                                                            | <b>11.85</b>              | 10.88                     |
| Series F                                                                              | <b>14.24</b>              | 11.99                     |
| Series FT5                                                                            | <b>15.38</b>              | 13.57                     |
| Series FT8                                                                            | <b>14.54</b>              | 13.20                     |
| Series I                                                                              | <b>11.90</b>              | 9.98                      |
| Series O                                                                              | <b>13.01</b>              | 10.92                     |

Approved on behalf of the Board of Directors of the Corporation

“signed” Jordy Chilcott  
President

“signed” Kari Holdsworth  
Chief Financial Officer

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                  |              |
| Interest income                                                                                                                            | <b>153</b>       | 28           |
| Distributions from underlying funds                                                                                                        | <b>192,340</b>   | 228,950      |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>83,557</b>    | 39,805       |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>1,201,311</b> | (700,652)    |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>1,477,361</b> | (431,869)    |
| <b>Total income (loss)</b>                                                                                                                 | <b>1,477,361</b> | (431,869)    |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |              |
| Management fees                                                                                                                            | <b>13,350</b>    | 13,378       |
| Fixed annual administration fees                                                                                                           | <b>873</b>       | 797          |
| Independent review committee fees                                                                                                          | <b>12</b>        | 14           |
| Total operating expenses                                                                                                                   | <b>14,235</b>    | 14,189       |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>1,463,126</b> | (446,058)    |
| <b>Finance Cost</b>                                                                                                                        |                  |              |
| Interest expense                                                                                                                           | -                | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>1,463,126</b> | (446,058)    |
| Income taxes                                                                                                                               | <b>3,115</b>     | 2,500        |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>1,460,011</b> | (448,558)    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |              |
| Series A                                                                                                                                   | <b>128,082</b>   | (51,963)     |
| Series AT5                                                                                                                                 | <b>7,093</b>     | (2,552)      |
| Series AT8                                                                                                                                 | <b>8,173</b>     | (3,430)      |
| Series F                                                                                                                                   | <b>15,208</b>    | (6,921)      |
| Series FT5                                                                                                                                 | <b>2,253</b>     | (128)        |
| Series FT8                                                                                                                                 | <b>2,253</b>     | (128)        |
| Series I                                                                                                                                   | <b>1,222,256</b> | (365,326)    |
| Series O                                                                                                                                   | <b>74,693</b>    | (18,110)     |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |              |
| Series A                                                                                                                                   | <b>53,131</b>    | 55,820       |
| Series AT5                                                                                                                                 | <b>2,538</b>     | 2,288        |
| Series AT8                                                                                                                                 | <b>3,644</b>     | 2,981        |
| Series F                                                                                                                                   | <b>5,967</b>     | 3,630        |
| Series FT5                                                                                                                                 | <b>754</b>       | 696          |
| Series FT8                                                                                                                                 | <b>785</b>       | 705          |
| Series I                                                                                                                                   | <b>546,752</b>   | 425,697      |
| Series O                                                                                                                                   | <b>31,213</b>    | 22,451       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |              |
| Series A                                                                                                                                   | <b>2.41</b>      | (0.93)       |
| Series AT5                                                                                                                                 | <b>2.79</b>      | (1.12)       |
| Series AT8                                                                                                                                 | <b>2.24</b>      | (1.15)       |
| Series F                                                                                                                                   | <b>2.55</b>      | (1.91)       |
| Series FT5                                                                                                                                 | <b>2.99</b>      | (0.18)       |
| Series FT8                                                                                                                                 | <b>2.87</b>      | (0.18)       |
| Series I                                                                                                                                   | <b>2.24</b>      | (0.86)       |
| Series O                                                                                                                                   | <b>2.39</b>      | (0.81)       |

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      |               |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                                          | 2019              | 2018           | 2019          | 2018          | 2019          | 2018          | 2019          | 2018          |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 601,720        | 704,891        | 35,218        | 14,689        | 38,982        | 37,682        | 57,937        | 52,748        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 128,082        | (51,963)       | 7,093         | (2,552)       | 8,173         | (3,430)       | 15,208        | (6,921)       |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |               |               |               |               |
| Proceeds from redeemable shares issued                                                                                   | \$ 99,551         | 173,093        | -             | 24,804        | -             | 7,168         | 57,732        | 36,462        |
| Redemption of redeemable shares                                                                                          | \$ (115,434)      | (224,301)      | (4,620)       | (1,000)       | -             | -             | (37,241)      | (24,352)      |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 25,092         | 26,729         | 2,307         | 2,206         | 1,734         | 2,272         | 2,903         | 2,130         |
| Capitalized distributions                                                                                                | \$ -              | -              | -             | -             | -             | -             | -             | -             |
|                                                                                                                          | \$ 9,209          | (24,479)       | (2,313)       | 26,010        | 1,734         | 9,440         | 23,394        | 14,240        |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                |               |               |               |               |               |               |
| From capital gains                                                                                                       | \$ (10,508)       | (16,885)       | (545)         | (549)         | (670)         | (841)         | (999)         | (1,182)       |
| From net investment income                                                                                               | \$ (13,880)       | (9,844)        | (725)         | (579)         | (872)         | (649)         | (1,820)       | (948)         |
| Return of capital                                                                                                        | \$ -              | -              | (1,627)       | (1,801)       | (3,176)       | (3,220)       | -             | -             |
|                                                                                                                          | \$ (24,388)       | (26,729)       | (2,897)       | (2,929)       | (4,718)       | (4,710)       | (2,819)       | (2,130)       |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 112,903        | (103,171)      | 1,883         | 20,529        | 5,189         | 1,300         | 35,783        | 5,189         |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 714,623</b> | <b>601,720</b> | <b>37,101</b> | <b>35,218</b> | <b>44,171</b> | <b>38,982</b> | <b>93,720</b> | <b>57,937</b> |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |               |               |               |               |
| Balance - beginning of period                                                                                            | 53,374            | 55,191         | 2,729         | 953           | 3,582         | 2,803         | 4,833         | 3,929         |
| Shares issued                                                                                                            | 7,934             | 13,881         | -             | 1,692         | -             | 598           | 4,279         | 2,672         |
| Shares issued on reinvestment of distributions                                                                           | 1,905             | 2,260          | 163           | 154           | 147           | 181           | 204           | 171           |
| Shares redeemed                                                                                                          | (9,120)           | (17,958)       | (324)         | (70)          | -             | -             | (2,733)       | (1,939)       |
| Balance - end of period                                                                                                  | <b>54,093</b>     | <b>53,374</b>  | <b>2,568</b>  | <b>2,729</b>  | <b>3,729</b>  | <b>3,582</b>  | <b>6,583</b>  | <b>4,833</b>  |

  

|                                                                                                                          | Series FT5       |              | Series FT8    |              | Series I         |                  | Series O       |                |
|--------------------------------------------------------------------------------------------------------------------------|------------------|--------------|---------------|--------------|------------------|------------------|----------------|----------------|
|                                                                                                                          | 2019             | 2018         | 2019          | 2018         | 2019             | 2018             | 2019           | 2018           |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 9,872         | -            | 9,872         | -            | 5,107,636        | 3,726,701        | 250,474        | 269,830        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,253         | (128)        | 2,253         | (128)        | 1,222,256        | (365,326)        | 74,693         | (18,110)       |
| Redeemable Share Transactions                                                                                            |                  |              |               |              |                  |                  |                |                |
| Proceeds from redeemable shares issued                                                                                   | \$ -             | 10,000       | -             | 10,000       | 2,312,221        | 2,270,612        | 103,925        | 26,063         |
| Redemption of redeemable shares                                                                                          | \$ -             | -            | -             | -            | (1,767,144)      | (524,351)        | (11,054)       | (27,309)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 951           | 878          | 1,269         | 1,174        | 223,242          | 176,191          | 14,015         | 10,040         |
| Capitalized distributions                                                                                                | \$ -             | -            | -             | -            | -                | -                | -              | -              |
|                                                                                                                          | \$ 951           | 10,878       | 1,269         | 11,174       | 768,319          | 1,922,452        | 106,886        | 8,794          |
| Distributions to Holders of Redeemable Shares                                                                            |                  |              |               |              |                  |                  |                |                |
| From capital gains                                                                                                       | \$ (171)         | (238)        | (171)         | (238)        | (90,011)         | (93,530)         | (5,891)        | (5,940)        |
| From net investment income                                                                                               | \$ (236)         | (162)        | (236)         | (161)        | (133,228)        | (82,661)         | (8,125)        | (4,100)        |
| Return of capital                                                                                                        | \$ (512)         | (478)        | (830)         | (775)        | -                | -                | -              | -              |
|                                                                                                                          | \$ (919)         | (878)        | (1,237)       | (1,174)      | (223,239)        | (176,191)        | (14,016)       | (10,040)       |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,285         | 9,872        | 2,285         | 9,872        | 1,767,336        | 1,380,935        | 167,563        | (19,356)       |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 12,157</b> | <b>9,872</b> | <b>12,157</b> | <b>9,872</b> | <b>6,874,972</b> | <b>5,107,636</b> | <b>418,037</b> | <b>250,474</b> |
| Redeemable Share Transactions                                                                                            |                  |              |               |              |                  |                  |                |                |
| Balance - beginning of period                                                                                            | 727              | -            | 748           | -            | 511,874          | 335,584          | 22,945         | 22,197         |
| Shares issued                                                                                                            | -                | 667          | -             | 667          | 205,252          | 207,282          | 8,939          | 2,103          |
| Shares issued on reinvestment of distributions                                                                           | 63               | 60           | 88            | 81           | 19,438           | 17,096           | 1,118          | 887            |
| Shares redeemed                                                                                                          | -                | -            | -             | -            | (158,962)        | (48,088)         | (880)          | (2,242)        |
| Balance - end of period                                                                                                  | <b>790</b>       | <b>727</b>   | <b>836</b>    | <b>748</b>   | <b>577,602</b>   | <b>511,874</b>   | <b>32,122</b>  | <b>22,945</b>  |

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          |           |
|--------------------------------------------------------------------------------------------------------------------------|----------------|-----------|
|                                                                                                                          | 2019           | 2018      |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 6,111,711   | 4,806,541 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 1,460,011   | (448,558) |
| Redeemable Share Transactions                                                                                            |                |           |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,573,429   | 2,558,202 |
| Redemption of redeemable shares                                                                                          | \$ (1,935,493) | (801,313) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 271,513     | 221,620   |
| Capitalized distributions                                                                                                | \$ -           | -         |
|                                                                                                                          | \$ 909,449     | 1,978,509 |
| Distributions to Holders of Redeemable Shares                                                                            |                |           |
| From capital gains                                                                                                       | \$ (108,966)   | (119,403) |
| From net investment income                                                                                               | \$ (159,122)   | (99,104)  |
| Return of capital                                                                                                        | \$ (6,145)     | (6,274)   |
|                                                                                                                          | \$ (274,233)   | (224,781) |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,095,227   | 1,305,170 |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 8,206,938   | 6,111,711 |
| Redeemable Share Transactions                                                                                            |                |           |
| Balance - beginning of period                                                                                            | 600,812        | 420,657   |
| Shares issued                                                                                                            | 226,404        | 229,562   |
| Shares issued on reinvestment of distributions                                                                           | 23,126         | 20,890    |
| Shares redeemed                                                                                                          | (172,019)      | (70,297)  |
| Balance - end of period                                                                                                  | 678,323        | 600,812   |

## Statements of Cash Flows

For the periods ended December 31

|                                                                                                                          | 2019<br>(\$)     | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                  |                    |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | 1,460,011        | (448,558)          |
| Adjustments for:                                                                                                         |                  |                    |
| Net realized (gain) loss on sale of investments                                                                          | (83,557)         | (39,805)           |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | (1,201,311)      | 700,652            |
| Non-cash income distributions from underlying funds                                                                      | (192,340)        | (228,950)          |
| Purchases of investments                                                                                                 | (2,486,008)      | (2,490,087)        |
| Proceeds from sale of investments                                                                                        | 1,868,398        | 809,444            |
| Change in accrued interest                                                                                               | 12               | (12)               |
| Change in distributions receivable from underlying funds                                                                 | -                | -                  |
| Change in management fees payable                                                                                        | 119              | 14                 |
| Change in other payables and accrued expenses                                                                            | 10               | (2)                |
| Change in income tax payable                                                                                             | 1,178            | 328                |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(633,488)</b> | <b>(1,696,976)</b> |
| <b>Cash Flows from Financing Activities</b>                                                                              |                  |                    |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | (3,453)          | (2,428)            |
| Proceeds from redeemable shares issued                                                                                   | 2,612,849        | 2,515,247          |
| Redemption of redeemable shares                                                                                          | (1,938,130)      | (802,337)          |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>671,266</b>   | <b>1,710,482</b>   |
| Net increase (decrease) in cash                                                                                          | 37,778           | 13,506             |
| Cash (bank indebtedness) at beginning of period                                                                          | 7,409            | (6,097)            |

|                                                  | 2019<br>(\$)  | 2018<br>(\$) |
|--------------------------------------------------|---------------|--------------|
| <b>Cash (bank indebtedness) at end of period</b> | <b>45,187</b> | <b>7,409</b> |
| Interest received                                | 165           | 16           |
| Income taxes paid                                | (1,937)       | (2,172)      |
| Interest paid                                    | -             | -            |

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, 2019

|                                                   | Number of Shares | Average Cost (\$) | Fair Value (\$)  | % of Total Net Assets |
|---------------------------------------------------|------------------|-------------------|------------------|-----------------------|
| <b>MUTUAL FUNDS</b>                               |                  |                   |                  |                       |
| Sun Life BlackRock Canadian Equity Fund, Series I | 538,538          | 7,383,547         | 8,167,147        |                       |
|                                                   |                  | <b>7,383,547</b>  | <b>8,167,147</b> | <b>99.52</b>          |
| <b>Total Investments</b>                          |                  | <b>7,383,547</b>  | <b>8,167,147</b> | <b>99.52</b>          |
| <b>Other Assets less Liabilities</b>              |                  |                   | <b>39,791</b>    | <b>0.48</b>           |
| <b>Total Net Assets</b>                           |                  |                   | <b>8,206,938</b> | <b>100.00</b>         |

## 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 8 to the financial statements.

#### (a) Credit risk

As at December 31, 2019 and December 31, 2018, 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 Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 0.11                         | -                 |
| <b>Total</b> | <b>0.11</b>                  | <b>-</b>          |

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 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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | December 31, 2019                         |                              | December 31, 2018                         |                              |
|----------------------|-------------------------------------------|------------------------------|-------------------------------------------|------------------------------|
|                      | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) |
| United States Dollar | 1,431,274                                 | 17.44                        | 1,109,471                                 | 18.15                        |
| <b>Total</b>         | <b>1,431,274</b>                          | <b>17.44</b>                 | <b>1,109,471</b>                          | <b>18.15</b>                 |

As at December 31, 2019, 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 \$71,564 (\$55,474 as at December 31, 2018). 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 BlackRock 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 to other market risk as a result of the Underlying Fund's investment in equities.

As at December 31, 2019, 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 \$277,055 (\$204,813 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

## (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| Information Technology               | 9.1                          | 8.6               |
| Health Care                          | 7.8                          | 8.3               |
| Consumer Discretionary               | 4.8                          | 4.6               |
| Consumer Staples                     | 4.0                          | 4.2               |
| Communication Services               | 3.1                          | 3.1               |
| Industrials                          | 2.2                          | 2.4               |
| Real Estate                          | 0.4                          | 0.3               |
| Utilities                            | -                            | 0.6               |
| <b>Equities</b>                      |                              |                   |
| Financials                           | 21.6                         | 22.2              |
| Energy                               | 11.5                         | 11.8              |
| Materials                            | 7.7                          | 7.5               |
| Industrials                          | 7.4                          | 6.7               |
| Information Technology               | 3.8                          | 2.7               |
| Communication Services               | 3.7                          | 4.0               |
| Utilities                            | 3.2                          | 2.7               |
| Consumer Discretionary               | 2.8                          | 2.8               |
| Consumer Staples                     | 2.6                          | 2.6               |
| Real Estate                          | 2.3                          | 2.1               |
| Health Care                          | 0.9                          | 1.0               |
| <b>Other Assets less Liabilities</b> | 1.1                          | 1.8               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 8,167,147         | -            | -            | 8,167,147  |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series A   | 16,036            | 211,855           |
| Series AT5 | 1,140             | 16,470            |
| Series AT8 | 1,389             | 16,451            |
| Series F   | 2,226             | 31,687            |
| Series FT5 | 790               | 12,157            |
| Series FT8 | 836               | 12,157            |
| Series I   | 1,161             | 13,824            |

  

|            | 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            |

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

# Sun Life BlackRock Canadian Equity Class (continued)

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series A          | 500            | -                | 7,116              |
| Series AT5        | 39             | -                | 1,256              |
| Series AT8        | 39             | -                | 1,690              |
| Series F          | 74             | -                | 1,059              |
| Series FT5        | 29             | -                | 919                |
| Series FT8        | 29             | -                | 1,237              |
| Series I          | -              | -                | 462                |

| 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                |

## 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 investors 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, 2019 and December 31, 2018, 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 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>46,607,417</b>         | 23,869,993                |
| Cash                                                                                  | <b>321,674</b>            | 5,790                     |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>142,766</b>            | 39,170                    |
|                                                                                       | <b>47,071,857</b>         | 23,914,953                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>600</b>                | 362                       |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | <b>947</b>                | 8,853                     |
| Due to investment dealers                                                             | <b>168,896</b>            | 42,471                    |
| Management fees payable                                                               | <b>5,310</b>              | 3,250                     |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>175,753</b>            | 54,936                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>46,896,104</b>         | 23,860,017                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>5,594,911</b>          | 3,382,468                 |
| Series AT5                                                                            | <b>1,368,982</b>          | 1,362,289                 |
| Series F                                                                              | <b>2,632,099</b>          | 1,872,626                 |
| Series FT5                                                                            | <b>200,998</b>            | 10,227                    |
| Series I                                                                              | <b>36,064,171</b>         | 16,637,686                |
| Series O                                                                              | <b>1,034,943</b>          | 594,721                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>12.77</b>              | 10.78                     |
| Series AT5                                                                            | <b>13.94</b>              | 12.32                     |
| Series F                                                                              | <b>13.67</b>              | 11.42                     |
| Series FT5                                                                            | <b>15.81</b>              | 13.81                     |
| Series I                                                                              | <b>12.44</b>              | 10.29                     |
| Series O                                                                              | <b>13.12</b>              | 10.87                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                  |              |
| Interest income                                                                                                                            | <b>1,183</b>     | 347          |
| Distributions from underlying funds                                                                                                        | <b>2,139,887</b> | 1,251,690    |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>44,007</b>    | (80,003)     |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>4,497,614</b> | (1,832,592)  |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>6,682,691</b> | (660,558)    |
| <b>Total income (loss)</b>                                                                                                                 | <b>6,682,691</b> | (660,558)    |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |              |
| Management fees                                                                                                                            | <b>130,176</b>   | 106,174      |
| Fixed annual administration fees                                                                                                           | <b>14,859</b>    | 11,549       |
| Independent review committee fees                                                                                                          | <b>100</b>       | 128          |
| Total operating expenses                                                                                                                   | <b>145,135</b>   | 117,851      |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>6,537,556</b> | (778,409)    |
| <b>Finance Cost</b>                                                                                                                        |                  |              |
| Interest expense                                                                                                                           | -                | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>6,537,556</b> | (778,409)    |
| Income taxes                                                                                                                               | -                | -            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>6,537,556</b> | (778,409)    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |              |
| Series A                                                                                                                                   | <b>741,914</b>   | (177,497)    |
| Series AT5                                                                                                                                 | <b>254,279</b>   | (69,084)     |
| Series F                                                                                                                                   | <b>419,500</b>   | (73,903)     |
| Series FT5                                                                                                                                 | <b>25,453</b>    | 227          |
| Series I                                                                                                                                   | <b>4,931,045</b> | (435,584)    |
| Series O                                                                                                                                   | <b>165,365</b>   | (22,568)     |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |              |
| Series A                                                                                                                                   | <b>350,885</b>   | 275,797      |
| Series AT5                                                                                                                                 | <b>94,850</b>    | 102,383      |
| Series F                                                                                                                                   | <b>169,248</b>   | 116,334      |
| Series FT5                                                                                                                                 | <b>10,921</b>    | 684          |
| Series I                                                                                                                                   | <b>2,254,842</b> | 1,294,553    |
| Series O                                                                                                                                   | <b>70,038</b>    | 52,135       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |              |
| Series A                                                                                                                                   | <b>2.11</b>      | (0.64)       |
| Series AT5                                                                                                                                 | <b>2.68</b>      | (0.67)       |
| Series F                                                                                                                                   | <b>2.48</b>      | (0.64)       |
| Series FT5                                                                                                                                 | <b>2.33</b>      | 0.33         |
| Series I                                                                                                                                   | <b>2.19</b>      | (0.34)       |
| Series O                                                                                                                                   | <b>2.36</b>      | (0.43)       |

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     |               |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|----------------|---------------|
|                                                                                                                          | 2019                | 2018             | 2019             | 2018             | 2019             | 2018             | 2019           | 2018          |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 3,382,468        | 3,089,253        | 1,362,289        | 1,298,663        | 1,872,626        | 859,127          | 10,227         | -             |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 741,914          | (177,497)        | 254,279          | (69,084)         | 419,500          | (73,903)         | 25,453         | 227           |
| Redeemable Share Transactions                                                                                            |                     |                  |                  |                  |                  |                  |                |               |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,915,789        | 1,707,406        | 201,567          | 291,014          | 1,113,932        | 1,311,547        | 165,040        | 10,000        |
| Redemption of redeemable shares                                                                                          | \$ (1,444,630)      | (1,236,694)      | (424,626)        | (130,486)        | (773,034)        | (224,145)        | -              | -             |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 92,933           | 192,784          | 57,981           | 125,010          | 43,623           | 103,433          | 11,524         | 1,055         |
| Capitalized distributions                                                                                                | \$ -                | -                | -                | -                | -                | -                | -              | -             |
|                                                                                                                          | \$ 1,564,092        | 663,496          | (165,078)        | 285,538          | 384,521          | 1,190,835        | 176,564        | 11,055        |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |                  |                  |                  |                  |                |               |
| From capital gains                                                                                                       | \$ (7,061)          | (15,125)         | (2,853)          | (6,327)          | (3,857)          | (5,122)          | (346)          | (48)          |
| From net investment income                                                                                               | \$ (86,502)         | (177,659)        | (21,296)         | (72,352)         | (40,691)         | (98,311)         | (3,104)        | (537)         |
| Return of capital                                                                                                        | \$ -                | -                | (58,359)         | (74,149)         | -                | -                | (7,796)        | (470)         |
|                                                                                                                          | \$ (93,563)         | (192,784)        | (82,508)         | (152,828)        | (44,548)         | (103,433)        | (11,246)       | (1,055)       |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,212,443        | 293,215          | 6,693            | 63,626           | 759,473          | 1,013,499        | 190,771        | 10,227        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 5,594,911</b> | <b>3,382,468</b> | <b>1,368,982</b> | <b>1,362,289</b> | <b>2,632,099</b> | <b>1,872,626</b> | <b>200,998</b> | <b>10,227</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                  |                  |                  |                  |                |               |
| Balance - beginning of period                                                                                            | 313,677             | 256,798          | 110,555          | 89,625           | 163,973          | 68,200           | 740            | -             |
| Shares issued                                                                                                            | 235,495             | 143,518          | 14,730           | 20,947           | 84,360           | 104,316          | 11,234         | 666           |
| Shares issued on reinvestment of distributions                                                                           | 7,200               | 17,705           | 4,128            | 9,440            | 3,224            | 9,020            | 741            | 74            |
| Shares redeemed                                                                                                          | (118,080)           | (104,344)        | (31,177)         | (9,457)          | (59,012)         | (17,563)         | -              | -             |
| Balance - end of period                                                                                                  | <b>438,292</b>      | <b>313,677</b>   | <b>98,236</b>    | <b>110,555</b>   | <b>192,545</b>   | <b>163,973</b>   | <b>12,715</b>  | <b>740</b>    |

  

|                                                                                                                          | Series I             |                   | Series O         |                | Total             |                    |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|------------------|----------------|-------------------|--------------------|
|                                                                                                                          | 2019                 | 2018              | 2019             | 2018           | 2019              | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 16,637,686        | 11,669,396        | 594,721          | 671,956        | <b>23,860,017</b> | <b>17,588,395</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 4,931,045         | (435,584)         | 165,365          | (22,568)       | <b>6,537,556</b>  | <b>(778,409)</b>   |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                |                   |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 16,506,941        | 7,568,044         | 313,399          | 62,493         | 21,216,668        | 10,950,504         |
| Redemption of redeemable shares                                                                                          | \$ (2,011,501)       | (2,164,170)       | (38,542)         | (117,160)      | (4,692,333)       | (3,872,655)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 593,351           | 931,586           | 17,479           | 34,178         | 816,891           | 1,388,046          |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -                | -              | -                 | -                  |
|                                                                                                                          | \$ 15,088,791        | 6,335,460         | 292,336          | (20,489)       | <b>17,341,226</b> | <b>8,465,895</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                  |                |                   |                    |
| From capital gains                                                                                                       | \$ (38,088)          | (60,007)          | (1,475)          | (2,926)        | (53,680)          | (89,555)           |
| From net investment income                                                                                               | \$ (555,263)         | (871,579)         | (16,004)         | (31,252)       | (722,860)         | (1,251,690)        |
| Return of capital                                                                                                        | \$ -                 | -                 | -                | -              | (66,155)          | (74,619)           |
|                                                                                                                          | \$ (593,351)         | (931,586)         | (17,479)         | (34,178)       | <b>(842,695)</b>  | <b>(1,415,864)</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 19,426,485        | 4,968,290         | 440,222          | (77,235)       | <b>23,036,087</b> | <b>6,271,622</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 36,064,171</b> | <b>16,637,686</b> | <b>1,034,943</b> | <b>594,721</b> | <b>46,896,104</b> | <b>23,860,017</b>  |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                |                   |                    |
| Balance - beginning of period                                                                                            | 1,617,099            | 1,038,663         | 54,731           | 56,535         | <b>2,260,775</b>  | <b>1,509,821</b>   |
| Shares issued                                                                                                            | 1,404,100            | 679,348           | 25,901           | 5,107          | 1,775,820         | 953,902            |
| Shares issued on reinvestment of distributions                                                                           | 48,025               | 90,224            | 1,344            | 3,130          | 64,662            | 129,593            |
| Shares redeemed                                                                                                          | (170,156)            | (191,136)         | (3,114)          | (10,041)       | (381,539)         | (332,541)          |
| Balance - end of period                                                                                                  | <b>2,899,068</b>     | <b>1,617,099</b>  | <b>78,862</b>    | <b>54,731</b>  | <b>3,719,718</b>  | <b>2,260,775</b>   |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |                    |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | 6,537,556           | (778,409)          |
| Adjustments for:                                                                                                         |                     |                    |
| Net realized (gain) loss on sale of investments                                                                          | (44,007)            | 80,003             |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | (4,497,614)         | 1,832,592          |
| Non-cash income distributions from underlying funds                                                                      | (2,139,887)         | (1,251,690)        |
| Purchases of investments                                                                                                 | (18,653,455)        | (9,768,927)        |
| Proceeds from sale of investments                                                                                        | 2,723,964           | 2,637,719          |
| Change in accrued interest                                                                                               | -                   | -                  |
| Change in distributions receivable from underlying funds                                                                 | -                   | -                  |
| Change in management fees payable                                                                                        | 2,060               | 948                |
| Change in other payables and accrued expenses                                                                            | 238                 | 103                |
| Change in income tax payable                                                                                             | -                   | -                  |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(16,071,145)</b> | <b>(7,247,661)</b> |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |                    |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | (33,710)            | (21,739)           |
| Proceeds from redeemable shares issued                                                                                   | 21,113,072          | 11,164,809         |
| Redemption of redeemable shares                                                                                          | (4,692,333)         | (3,872,655)        |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>16,387,029</b>   | <b>7,270,415</b>   |
| Net increase (decrease) in cash                                                                                          | 315,884             | 22,754             |
| Cash (bank indebtedness) at beginning of period                                                                          | 5,790               | (16,964)           |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>321,674</b>      | <b>5,790</b>       |
| Interest received                                                                                                        | 1,183               | 347                |
| Income taxes paid                                                                                                        | -                   | -                  |
| Interest paid                                                                                                            | -                   | -                  |

## Schedule of Investments

As at December 31, 2019

|                                                  | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|--------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                              |                     |                      |                    |                          |
| Sun Life Dynamic Equity<br>Income Fund, Series I | 3,806,365           | 44,484,581           | 46,607,417         |                          |
|                                                  |                     | <b>44,484,581</b>    | <b>46,607,417</b>  | <b>99.38</b>             |
| <b>Total Investments</b>                         |                     | <b>44,484,581</b>    | <b>46,607,417</b>  | <b>99.38</b>             |
| <b>Other Assets less Liabilities</b>             |                     |                      | <b>288,687</b>     | <b>0.62</b>              |
| <b>Total Net Assets</b>                          |                     |                      | <b>46,896,104</b>  | <b>100.00</b>            |

## 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 8 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 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.

##### (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 Dynamic Equity Income 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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Equities</b>                      |                              |                   |
| Financials                           | 20.3                         | 19.6              |
| Industrials                          | 8.8                          | 8.6               |
| Health Care                          | 7.8                          | 9.5               |
| Information Technology               | 8.2                          | 8.5               |
| Energy Infrastructure                | 8.9                          | 7.2               |
| Communication Services               | 6.3                          | 7.3               |
| Utilities                            | 5.9                          | 6.8               |
| Consumer Staples                     | 5.1                          | 6.9               |
| Energy                               | 5.8                          | 4.5               |
| Consumer Discretionary               | 3.9                          | 3.6               |
| Materials                            | 4.0                          | 3.3               |
| Real Estate                          | 2.7                          | 3.5               |
| Private Equity - Real Estate         | 0.7                          | 1.9               |
| <b>Other Assets less Liabilities</b> | 11.6                         | 8.8               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 46,607,417        | -            | -            | 46,607,417 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series FT5 | 790               | 12,492            |
| Series I   | 1,249             | 15,534            |

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 29                | -                | 739                |
| Series I   | -                 | -                | 266                |

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

## 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 investors 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.

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

# Sun Life Dynamic Equity Income Class (continued)

As at December 31, 2019 and December 31, 2018, the Fund had significant interests in the Underlying Fund as noted in the following tables:

| Underlying Fund                               | As at December 31, 2019      |                                      |
|-----------------------------------------------|------------------------------|--------------------------------------|
|                                               | Percentage of Net Assets (%) | Percentage of Ownership Interest (%) |
| Sun Life Dynamic Equity Income Fund, Series I | 99                           | 35                                   |

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

## 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 29,991,479                | 25,938,792                |
| Cash                                                                                  | 57,105                    | 49,600                    |
| Due from investment dealers                                                           | -                         | 3,762                     |
| Accrued interest                                                                      | -                         | 527                       |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 837                       | 372,901                   |
|                                                                                       | <b>30,049,421</b>         | <b>26,365,582</b>         |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | -                         | -                         |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | 730                       | 17,083                    |
| Management fees payable                                                               | 5,099                     | 4,046                     |
| Income tax payable                                                                    | 107,362                   | 89,399                    |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>113,191</b>            | <b>110,528</b>            |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>29,936,230</b>         | <b>26,255,054</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 5,545,319                 | 5,395,651                 |
| Series AT5                                                                            | 643,295                   | 431,753                   |
| Series F                                                                              | 2,408,448                 | 1,292,028                 |
| Series FT5                                                                            | 145,837                   | 137,273                   |
| Series I                                                                              | 11,697,151                | 8,978,348                 |
| Series O                                                                              | 9,496,180                 | 10,020,001                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 11.29                     | 10.42                     |
| Series AT5                                                                            | 12.24                     | 11.85                     |
| Series F                                                                              | 12.13                     | 11.07                     |
| Series FT5                                                                            | 14.84                     | 14.20                     |
| Series I                                                                              | 11.14                     | 10.05                     |
| Series O                                                                              | 11.58                     | 10.47                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)     |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Investment Income</b>                                                                                                                   |                  |                  |
| Interest income                                                                                                                            | 943              | 1,127            |
| Distributions from underlying funds                                                                                                        | 2,156,009        | 1,795,427        |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                  |
| Net realized gain (loss) on sale of investments                                                                                            | 7,210            | (22,081)         |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 1,579,641        | (1,970,010)      |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>3,743,803</b> | <b>(195,537)</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>3,743,803</b> | <b>(195,537)</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                  |
| Management fees                                                                                                                            | 147,527          | 152,231          |
| Fixed annual administration fees                                                                                                           | 31,023           | 30,336           |
| Independent review committee fees                                                                                                          | 228              | 338              |
| Total operating expenses                                                                                                                   | 178,778          | 182,905          |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -                |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>3,565,025</b> | <b>(378,442)</b> |
| <b>Finance Cost</b>                                                                                                                        |                  |                  |
| Interest expense                                                                                                                           | (3)              | -                |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>3,565,022</b> | <b>(378,442)</b> |
| Income taxes                                                                                                                               | 107,362          | 93,066           |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>3,457,660</b> | <b>(471,508)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                  |
| Series A                                                                                                                                   | 578,467          | (200,957)        |
| Series AT5                                                                                                                                 | 49,351           | (15,868)         |
| Series F                                                                                                                                   | 211,301          | (23,251)         |
| Series FT5                                                                                                                                 | 16,656           | (4,040)          |
| Series I                                                                                                                                   | 1,312,484        | (82,759)         |
| Series O                                                                                                                                   | 1,289,401        | (144,633)        |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                  |
| Series A                                                                                                                                   | 499,910          | 581,273          |
| Series AT5                                                                                                                                 | 43,244           | 35,321           |
| Series F                                                                                                                                   | 170,782          | 76,002           |
| Series FT5                                                                                                                                 | 9,754            | 2,901            |
| Series I                                                                                                                                   | 987,738          | 838,201          |
| Series O                                                                                                                                   | 900,096          | 931,932          |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                  |
| Series A                                                                                                                                   | 1.16             | (0.35)           |
| Series AT5                                                                                                                                 | 1.14             | (0.45)           |
| Series F                                                                                                                                   | 1.24             | (0.31)           |
| Series FT5                                                                                                                                 | 1.71             | (1.39)           |
| Series I                                                                                                                                   | 1.33             | (0.10)           |
| Series O                                                                                                                                   | 1.43             | (0.16)           |

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     |                |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|
|                                                                                                                          | 2019                | 2018             | 2019           | 2018           | 2019             | 2018             | 2019           | 2018           |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 5,395,651        | 7,157,060        | 431,753        | 495,821        | 1,292,028        | 424,362          | 137,273        | -              |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 578,467          | (200,957)        | 49,351         | (15,868)       | 211,301          | (23,251)         | 16,656         | (4,040)        |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                  |                  |                |                |
| Proceeds from redeemable shares issued                                                                                   | \$ 856,006          | 1,125,690        | 264,512        | 51,054         | 938,009          | 1,006,586        | -              | 143,288        |
| Redemption of redeemable shares                                                                                          | \$ (1,300,509)      | (2,686,142)      | (77,051)       | (75,974)       | (35,347)         | (115,669)        | (8,199)        | (1,975)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 150,286          | 150,243          | 12,213         | 12,103         | 45,970           | 34,318           | 10,537         | 5,684          |
| Capitalized distributions                                                                                                | \$ -                | -                | -              | -              | -                | -                | -              | -              |
|                                                                                                                          | \$ (294,217)        | (1,410,209)      | 199,674        | (12,817)       | 948,632          | 925,235          | 2,338          | 146,997        |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |                |                |                  |                  |                |                |
| From capital gains                                                                                                       | \$ (89,409)         | (8,998)          | (6,656)        | (621)          | (23,897)         | (680)            | (2,329)        | (13)           |
| From net investment income                                                                                               | \$ (45,173)         | (141,245)        | (5,290)        | (11,469)       | (19,616)         | (33,638)         | (1,188)        | (3,574)        |
| Return of capital                                                                                                        | \$ -                | -                | (25,537)       | (23,293)       | -                | -                | (6,913)        | (2,097)        |
|                                                                                                                          | \$ (134,582)        | (150,243)        | (37,483)       | (35,383)       | (43,513)         | (34,318)         | (10,430)       | (5,684)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 149,668          | (1,761,409)      | 211,542        | (64,068)       | 1,116,420        | 867,666          | 8,564          | 137,273        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 5,545,319</b> | <b>5,395,651</b> | <b>643,295</b> | <b>431,753</b> | <b>2,408,448</b> | <b>1,292,028</b> | <b>145,837</b> | <b>137,273</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                  |                  |                |                |
| Balance - beginning of period                                                                                            | 517,877             | 646,825          | 36,420         | 37,387         | 116,687          | 36,519           | 9,664          | -              |
| Shares issued                                                                                                            | 77,589              | 102,100          | 21,437         | 3,981          | 80,823           | 87,151           | -              | 9,401          |
| Shares issued on reinvestment of distributions                                                                           | 13,561              | 15,449           | 998            | 960            | 3,930            | 3,097            | 715            | 396            |
| Shares redeemed                                                                                                          | (117,861)           | (246,497)        | (6,304)        | (5,908)        | (2,949)          | (10,080)         | (550)          | (133)          |
| Balance - end of period                                                                                                  | <b>491,166</b>      | <b>517,877</b>   | <b>52,551</b>  | <b>36,420</b>  | <b>198,491</b>   | <b>116,687</b>   | <b>9,829</b>   | <b>9,664</b>   |

  

|                                                                                                                          | Series I             |                  | Series O         |                   | Total             |                    |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|------------------|-------------------|-------------------|--------------------|
|                                                                                                                          | 2019                 | 2018             | 2019             | 2018              | 2019              | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 8,978,348         | 8,013,450        | 10,020,001       | 11,651,340        | <b>26,255,054</b> | <b>27,742,033</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 1,312,484         | (82,759)         | 1,289,401        | (144,633)         | <b>3,457,660</b>  | <b>(471,508)</b>   |
| Redeemable Share Transactions                                                                                            |                      |                  |                  |                   |                   |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,901,716         | 1,937,773        | 1,606,125        | 1,902,257         | 6,566,368         | 6,166,648          |
| Redemption of redeemable shares                                                                                          | \$ (1,495,397)       | (890,116)        | (3,419,347)      | (3,388,963)       | (6,335,850)       | (7,158,839)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 259,507           | 244,349          | 249,537          | 264,865           | 728,050           | 711,562            |
| Capitalized distributions                                                                                                | \$ -                 | -                | -                | -                 | -                 | -                  |
|                                                                                                                          | \$ 1,665,826         | 1,292,006        | (1,563,685)      | (1,221,841)       | <b>958,568</b>    | <b>(280,629)</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                  |                  |                   |                   |                    |
| From capital gains                                                                                                       | \$ (164,212)         | (10,627)         | (172,068)        | (13,425)          | (458,571)         | (34,364)           |
| From net investment income                                                                                               | \$ (95,295)          | (233,722)        | (77,469)         | (251,440)         | (244,031)         | (675,088)          |
| Return of capital                                                                                                        | \$ -                 | -                | -                | -                 | (32,450)          | (25,390)           |
|                                                                                                                          | \$ (259,507)         | (244,349)        | (249,537)        | (264,865)         | <b>(735,052)</b>  | <b>(734,842)</b>   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,718,803         | 964,898          | (523,821)        | (1,631,339)       | <b>3,681,176</b>  | <b>(1,486,979)</b> |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 11,697,151</b> | <b>8,978,348</b> | <b>9,496,180</b> | <b>10,020,001</b> | <b>29,936,230</b> | <b>26,255,054</b>  |
| Redeemable Share Transactions                                                                                            |                      |                  |                  |                   |                   |                    |
| Balance - beginning of period                                                                                            | 892,935              | 767,720          | 957,469          | 1,070,625         | <b>2,531,052</b>  | <b>2,559,076</b>   |
| Shares issued                                                                                                            | 271,423              | 186,040          | 145,973          | 175,521           | 597,245           | 564,194            |
| Shares issued on reinvestment of distributions                                                                           | 24,460               | 24,275           | 22,711           | 25,275            | 66,375            | 69,452             |
| Shares redeemed                                                                                                          | (139,150)            | (85,100)         | (306,026)        | (313,952)         | (572,840)         | (661,670)          |
| Balance - end of period                                                                                                  | <b>1,049,668</b>     | <b>892,935</b>   | <b>820,127</b>   | <b>957,469</b>    | <b>2,621,832</b>  | <b>2,531,052</b>   |

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

|                                                                                                                          | 2019<br>(\$)     | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                  |                    |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | 3,457,660        | (471,508)          |
| Adjustments for:                                                                                                         |                  |                    |
| Net realized (gain) loss on sale of investments                                                                          | (7,210)          | 22,081             |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | (1,579,641)      | 1,970,010          |
| Non-cash income distributions from underlying funds                                                                      | (2,156,009)      | (1,795,427)        |
| Purchases of investments                                                                                                 | (4,595,737)      | (3,539,742)        |
| Proceeds from sale of investments                                                                                        | 4,273,319        | 5,186,450          |
| Change in accrued interest                                                                                               | 527              | (527)              |
| Change in distributions receivable from underlying funds                                                                 | -                | -                  |
| Change in management fees payable                                                                                        | 1,053            | (24)               |
| Change in other payables and accrued expenses                                                                            | -                | (87)               |
| Change in income tax payable                                                                                             | 17,963           | 56,592             |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(588,075)</b> | <b>1,427,818</b>   |
| <b>Cash Flows from Financing Activities</b>                                                                              |                  |                    |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | (7,002)          | (23,280)           |
| Proceeds from redeemable shares issued                                                                                   | 6,938,432        | 5,826,273          |
| Redemption of redeemable shares                                                                                          | (6,335,850)      | (7,164,920)        |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>595,580</b>   | <b>(1,361,927)</b> |
| Net increase (decrease) in cash                                                                                          | 7,505            | 65,891             |
| Cash (bank indebtedness) at beginning of period                                                                          | 49,600           | (16,291)           |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>57,105</b>    | <b>49,600</b>      |
| Interest received                                                                                                        | 1,470            | 600                |
| Income taxes paid                                                                                                        | (89,399)         | (36,474)           |
| Interest paid                                                                                                            | (3)              | -                  |

## Schedule of Investments

As at December 31, 2019

|                                                 | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                             |                     |                      |                    |                          |
| Sun Life Dynamic Strategic Yield Fund, Series I | 2,722,266           | 29,760,295           | 29,991,479         |                          |
|                                                 |                     | <b>29,760,295</b>    | <b>29,991,479</b>  | <b>100.18</b>            |
| <b>Total Investments</b>                        |                     | <b>29,760,295</b>    | <b>29,991,479</b>  | <b>100.18</b>            |
| <b>Other Assets less Liabilities</b>            |                     |                      | <b>(55,249)</b>    | <b>(0.18)</b>            |
| <b>Total Net Assets</b>                         |                     |                      | <b>29,936,230</b>  | <b>100.00</b>            |

## 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 8 to the financial statements.

### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                      |
|--------------|------------------------------|----------------------|
|              | December 31,<br>2019         | December 31,<br>2018 |
| AAA/Aaa      | 2.23                         | 11.23                |
| AA/Aa        | 3.63                         | 4.41                 |
| A/A          | 4.72                         | 2.79                 |
| BBB/Bbb      | 5.81                         | 4.30                 |
| BB/Ba        | 0.31                         | 0.12                 |
| Not Rated    | 0.31                         | 0.77                 |
| <b>Total</b> | <b>17.01</b>                 | <b>23.62</b>         |

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

# Sun Life Dynamic Strategic Yield 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 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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                         | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|-------------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                         | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| United States<br>Dollar | 12,548,296                                         | 41.92                              | 6,930,076                                          | 26.40                              |
| British Pound           | 1,043                                              | -                                  | 3,392                                              | 0.01                               |
| <b>Total</b>            | <b>12,549,339</b>                                  | <b>41.92</b>                       | <b>6,933,468</b>                                   | <b>26.41</b>                       |

As at December 31, 2019, 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 \$627,467 (\$346,673 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 248,596                  | 1,514,705         | 2,971,525                 | 4,734,826     |
| December 31, 2018 | 2,690,060                | 670,269           | 2,225,010                 | 5,585,339     |

As at December 31, 2019, 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 \$455,478 (\$242,282 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$800,679 (\$514,930 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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 Dynamic Strategic Yield 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, 2019            | December 31, 2018 |
| <b>Short-Term Investments</b>          |                              |                   |
| Treasury Bills                         | 0.8                          | 5.8               |
| Bankers' Acceptances                   | -                            | 4.2               |
| <b>Bonds</b>                           |                              |                   |
| Federal Bonds                          | 0.3                          | 1.1               |
| Provincial Bonds                       | 0.5                          | -                 |
| Municipal Bonds                        | 0.2                          | -                 |
| Corporate Bonds                        | 13.7                         | 9.9               |
| Mortgage-Backed Securities             | 0.3                          | 0.2               |
| <b>Equities</b>                        |                              |                   |
| Energy                                 | 4.1                          | 3.9               |
| Materials                              | 2.5                          | 1.4               |
| Industrials                            | 4.1                          | 2.1               |
| Consumer Discretionary                 | 3.0                          | 2.6               |
| Consumer Staples                       | 1.7                          | 2.6               |
| Health Care                            | 4.4                          | 5.2               |
| Financials                             | 12.7                         | 7.4               |
| Real Estate                            | 4.0                          | 4.1               |
| Information Technology                 | 5.7                          | 1.5               |
| Communication Services                 | 5.8                          | 4.8               |
| Utilities                              | 5.3                          | 3.7               |
| <b>Mutual Funds</b>                    |                              |                   |
| Canadian Fixed Income                  | 15.1                         | 14.9              |
| U.S. Corporate Bond                    | 2.3                          | -                 |
| Income and Real Property               | 1.0                          | 1.2               |
| High Yield Fixed Income                | 5.9                          | 5.2               |
| <b>Derivative Assets (Liabilities)</b> | -                            | (1.1)             |
| <b>Other Assets less Liabilities</b>   | 6.6                          | 19.3              |
| <b>Total</b>                           | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 29,991,479        | -            | -            | 29,991,479 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series FT5 | 775               | 11,496            |
| Series I   | 1,179             | 13,136            |

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series F   | -                 | -                | -                  |
| Series FT5 | 28                | -                | 799                |
| Series I   | -                 | -                | 305                |

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

*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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 11,140,472                | 8,315,097                 |
| Cash                                                                                  | 71,948                    | 12,295                    |
| Due from investment dealers                                                           | 4,062                     | 180                       |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 300                       | 205                       |
|                                                                                       | <b>11,216,782</b>         | <b>8,327,777</b>          |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 280                       | 197                       |
| Redemptions payable                                                                   | 4,167                     | 285                       |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | 361                       | 5,397                     |
| Management fees payable                                                               | 653                       | 505                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | 5,461                     | 6,384                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>11,211,321</b>         | <b>8,321,393</b>          |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 745,989                   | 677,356                   |
| Series AT5                                                                            | 12,098                    | 10,171                    |
| Series F                                                                              | 224,396                   | 130,474                   |
| Series FT5                                                                            | 11,657                    | 9,690                     |
| Series I                                                                              | 9,900,459                 | 7,161,031                 |
| Series O                                                                              | 316,722                   | 332,671                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 10.51                     | 9.17                      |
| Series AT5                                                                            | 12.33                     | 11.25                     |
| Series F                                                                              | 11.05                     | 9.54                      |
| Series FT5                                                                            | 14.65                     | 13.22                     |
| Series I                                                                              | 11.75                     | 10.01                     |
| Series O                                                                              | 11.66                     | 9.94                      |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)     |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Investment Income</b>                                                                                                                   |                  |                  |
| Interest income                                                                                                                            | 292              | 244              |
| Distributions from underlying funds                                                                                                        | 344,973          | 198,414          |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                  |
| Net realized gain (loss) on sale of investments                                                                                            | 83,358           | 22,350           |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 1,422,327        | (1,049,930)      |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>1,850,950</b> | <b>(828,922)</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>1,850,950</b> | <b>(828,922)</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                  |
| Management fees                                                                                                                            | 19,650           | 24,047           |
| Fixed annual administration fees                                                                                                           | 7,676            | 7,582            |
| Independent review committee fees                                                                                                          | 13               | 31               |
| Total operating expenses                                                                                                                   | 27,339           | 31,660           |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -                |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>1,823,611</b> | <b>(860,582)</b> |
| <b>Finance Cost</b>                                                                                                                        |                  |                  |
| Interest expense                                                                                                                           | -                | -                |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>1,823,611</b> | <b>(860,582)</b> |
| Income taxes                                                                                                                               | -                | -                |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>1,823,611</b> | <b>(860,582)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                  |
| Series A                                                                                                                                   | 128,428          | (101,383)        |
| Series AT5                                                                                                                                 | 1,893            | (1,367)          |
| Series F                                                                                                                                   | 27,861           | (28,732)         |
| Series FT5                                                                                                                                 | 1,936            | (329)            |
| Series I                                                                                                                                   | 1,597,580        | (691,752)        |
| Series O                                                                                                                                   | 65,913           | (37,019)         |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                  |
| Series A                                                                                                                                   | 74,586           | 86,797           |
| Series AT5                                                                                                                                 | 926              | 988              |
| Series F                                                                                                                                   | 15,568           | 28,534           |
| Series FT5                                                                                                                                 | 751              | 696              |
| Series I                                                                                                                                   | 744,363          | 641,150          |
| Series O                                                                                                                                   | 28,584           | 33,209           |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                  |
| Series A                                                                                                                                   | 1.72             | (1.17)           |
| Series AT5                                                                                                                                 | 2.04             | (1.38)           |
| Series F                                                                                                                                   | 1.79             | (1.01)           |
| Series FT5                                                                                                                                 | 2.58             | (0.47)           |
| Series I                                                                                                                                   | 2.15             | (1.08)           |
| Series O                                                                                                                                   | 2.31             | (1.11)           |

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    |              |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------|---------------|----------------|----------------|---------------|--------------|
|                                                                                                                          | 2019              | 2018           | 2019          | 2018          | 2019           | 2018           | 2019          | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 677,356        | 1,052,327      | 10,171        | 13,723        | 130,474        | 372,089        | 9,690         | -            |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 128,428        | (101,383)      | 1,893         | (1,367)       | 27,861         | (28,732)       | 1,936         | (329)        |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |                |                |               |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 202,867        | 323,290        | -             | 281           | 70,119         | 190,300        | -             | 10,019       |
| Redemption of redeemable shares                                                                                          | \$ (262,847)      | (596,208)      | -             | (2,466)       | (3,891)        | (397,194)      | -             | -            |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 25,479         | 36,146         | 960           | 1,231         | 7,172          | 4,327          | 918           | 941          |
| Capitalized distributions                                                                                                | \$ -              | -              | -             | -             | -              | -              | -             | -            |
|                                                                                                                          | \$ (34,501)       | (236,772)      | 960           | (954)         | 73,400         | (202,567)      | 918           | 10,960       |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                |               |               |                |                |               |              |
| From capital gains                                                                                                       | \$ (2,341)        | (20,683)       | (33)          | (296)         | (425)          | (7,200)        | (31)          | (232)        |
| From net investment income                                                                                               | \$ (22,953)       | (16,133)       | (372)         | (242)         | (6,914)        | (3,116)        | (359)         | (231)        |
| Return of capital                                                                                                        | \$ -              | -              | (521)         | (693)         | -              | -              | (497)         | (478)        |
|                                                                                                                          | \$ (25,294)       | (36,816)       | (926)         | (1,231)       | (7,339)        | (10,316)       | (887)         | (941)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 68,633         | (374,971)      | 1,927         | (3,552)       | 93,922         | (241,615)      | 1,967         | 9,690        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 745,989</b> | <b>677,356</b> | <b>12,098</b> | <b>10,171</b> | <b>224,396</b> | <b>130,474</b> | <b>11,657</b> | <b>9,690</b> |
| Redeemable Share Transactions                                                                                            |                   |                |               |               |                |                |               |              |
| Balance - beginning of period                                                                                            | 73,871            | 97,341         | 904           | 975           | 13,683         | 33,321         | 733           | -            |
| Shares issued                                                                                                            | 20,160            | 31,417         | -             | 21            | 6,343          | 18,228         | -             | 667          |
| Shares issued on reinvestment of distributions                                                                           | 2,413             | 3,825          | 79            | 98            | 631            | 438            | 63            | 66           |
| Shares redeemed                                                                                                          | (25,470)          | (58,712)       | -             | (190)         | (358)          | (38,304)       | -             | -            |
| Balance - end of period                                                                                                  | <b>70,974</b>     | <b>73,871</b>  | <b>983</b>    | <b>904</b>    | <b>20,299</b>  | <b>13,683</b>  | <b>796</b>    | <b>733</b>   |

  

|                                                                                                                          | Series I            |                  | Series O       |                | Total             |                  |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|----------------|----------------|-------------------|------------------|
|                                                                                                                          | 2019                | 2018             | 2019           | 2018           | 2019              | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 7,161,031        | 5,929,386        | 332,671        | 350,952        | <b>8,321,393</b>  | <b>7,718,477</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 1,597,580        | (691,752)        | 65,913         | (37,019)       | <b>1,823,611</b>  | <b>(860,582)</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                   |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,317,744        | 2,768,926        | 3,792          | 72,996         | 2,594,522         | 3,365,812        |
| Redemption of redeemable shares                                                                                          | \$ (1,175,895)      | (845,529)        | (85,653)       | (54,258)       | (1,528,286)       | (1,895,655)      |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 328,098          | 319,200          | 10,832         | 16,640         | 373,459           | 378,485          |
| Capitalized distributions                                                                                                | \$ -                | -                | -              | -              | -                 | -                |
|                                                                                                                          | \$ 1,469,947        | 2,242,597        | (71,029)       | 35,378         | <b>1,439,695</b>  | <b>1,848,642</b> |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |                |                |                   |                  |
| From capital gains                                                                                                       | \$ (23,486)         | (148,450)        | (1,071)        | (8,698)        | (27,387)          | (185,559)        |
| From net investment income                                                                                               | \$ (304,613)        | (170,750)        | (9,762)        | (7,942)        | (344,973)         | (198,414)        |
| Return of capital                                                                                                        | \$ -                | -                | -              | -              | (1,018)           | (1,171)          |
|                                                                                                                          | \$ (328,099)        | (319,200)        | (10,833)       | (16,640)       | <b>(373,378)</b>  | <b>(385,144)</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,739,428        | 1,231,645        | (15,949)       | (18,281)       | <b>2,889,928</b>  | <b>602,916</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 9,900,459</b> | <b>7,161,031</b> | <b>316,722</b> | <b>332,671</b> | <b>11,211,321</b> | <b>8,321,393</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                   |                  |
| Balance - beginning of period                                                                                            | 715,508             | 512,669          | 33,461         | 30,493         | <b>838,160</b>    | <b>674,799</b>   |
| Shares issued                                                                                                            | 200,968             | 248,791          | 338            | 6,407          | 227,809           | 305,531          |
| Shares issued on reinvestment of distributions                                                                           | 28,012              | 30,861           | 934            | 1,612          | 32,132            | 36,900           |
| Shares redeemed                                                                                                          | (102,225)           | (76,813)         | (7,562)        | (5,051)        | (135,615)         | (179,070)        |
| Balance - end of period                                                                                                  | <b>842,263</b>      | <b>715,508</b>   | <b>27,171</b>  | <b>33,461</b>  | <b>962,486</b>    | <b>838,160</b>   |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>1,823,611</b>   | (860,582)    |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(83,358)</b>    | (22,350)     |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(1,422,327)</b> | 1,049,930    |
| Non-cash income distributions from underlying funds                                                                      | <b>(344,973)</b>   | (198,414)    |
| Purchases of investments                                                                                                 | <b>(2,425,085)</b> | (3,049,559)  |
| Proceeds from sale of investments                                                                                        | <b>1,441,450</b>   | 1,644,403    |
| Change in accrued interest                                                                                               | -                  | -            |
| Change in distributions receivable from underlying funds                                                                 | -                  | -            |
| Change in management fees payable                                                                                        | <b>148</b>         | (191)        |
| Change in other payables and accrued expenses                                                                            | <b>83</b>          | 13           |
| Change in income tax payable                                                                                             | -                  | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(1,010,451)</b> | (1,436,750)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>81</b>          | (6,659)      |
| Proceeds from redeemable shares issued                                                                                   | <b>2,594,427</b>   | 3,366,470    |
| Redemption of redeemable shares                                                                                          | <b>(1,524,404)</b> | (1,895,370)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>1,070,104</b>   | 1,464,441    |
| Net increase (decrease) in cash                                                                                          | <b>59,653</b>      | 27,691       |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>12,295</b>      | (15,396)     |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>71,948</b>      | 12,295       |
| Interest received                                                                                                        | <b>292</b>         | 244          |
| Income taxes paid                                                                                                        | -                  | -            |
| Interest paid                                                                                                            | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                                 | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                             |                     |                      |                    |                          |
| Franklin Bissett Canadian Equity Fund, Series O | 68,550              | 10,379,264           | 11,140,472         |                          |
|                                                 | <b>10,379,264</b>   | <b>11,140,472</b>    | <b>99.37</b>       |                          |
| <b>Total Investments</b>                        | <b>10,379,264</b>   | <b>11,140,472</b>    | <b>99.37</b>       |                          |
| <b>Other Assets less Liabilities</b>            |                     |                      | <b>70,849</b>      | <b>0.63</b>              |
| <b>Total Net Assets</b>                         |                     |                      | <b>11,211,321</b>  | <b>100.00</b>            |

## 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 8 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 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 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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Equities</b>                      |                              |                   |
| Financials                           | 33.9                         | 34.5              |
| Energy                               | 13.4                         | 13.7              |
| Industrials                          | 12.8                         | 14.3              |
| Consumer Staples                     | 9.0                          | 8.8               |
| Information Technology               | 6.2                          | 4.4               |
| Materials                            | 5.1                          | 5.1               |
| Communication Services               | 4.7                          | 3.8               |
| Utilities                            | 4.3                          | 4.0               |
| Real Estate                          | 2.5                          | 0.5               |
| Consumer Discretionary               | 3.1                          | 7.6               |
| <b>Other Assets less Liabilities</b> | 5.0                          | 3.3               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 11,140,472        | -            | -            | 11,140,472 |
|              | December 31, 2018 |              |              | Total (\$) |
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 8,315,097         | -            | -            | 8,315,097  |

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series AT5 | 981               | 12,098            |
| Series FT5 | 796               | 11,657            |
| Series I   | 29,725            | 349,401           |

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series A   | -                 | -                | -                  |
| Series AT5 | 29                | -                | 927                |
| Series FT5 | 28                | -                | 887                |
| Series I   | -                 | -                | 11,686             |

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

*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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>214,703,525</b>        | 168,460,735               |
| Cash                                                                                  | <b>883,323</b>            | 171,483                   |
| Due from investment dealers                                                           | <b>228,020</b>            | 80,293                    |
| Accrued interest                                                                      | <b>109</b>                | 5,640                     |
| Distributions receivable from underlying funds                                        | <b>-</b>                  | -                         |
| Subscriptions receivable                                                              | <b>85,484</b>             | 352,874                   |
|                                                                                       | <b>215,900,461</b>        | 169,071,025               |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | <b>-</b>                  | -                         |
| Accrued expenses                                                                      | <b>12,472</b>             | 8,770                     |
| Redemptions payable                                                                   | <b>265,095</b>            | 18,786                    |
| Distributions payable                                                                 | <b>373</b>                | 301                       |
| Due to investment dealers                                                             | <b>41,256</b>             | 336,712                   |
| Management fees payable                                                               | <b>77,795</b>             | 52,457                    |
| Income tax payable                                                                    | <b>277,567</b>            | 384,761                   |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>674,558</b>            | 801,787                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>215,225,903</b>        | 168,269,238               |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>79,387,902</b>         | 62,849,271                |
| Series AT5                                                                            | <b>13,439,131</b>         | 10,876,153                |
| Series F                                                                              | <b>55,064,758</b>         | 34,474,669                |
| Series FT5                                                                            | <b>2,218,911</b>          | 243,210                   |
| Series O                                                                              | <b>65,115,201</b>         | 59,825,935                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>12.86</b>              | 11.84                     |
| Series AT5                                                                            | <b>13.94</b>              | 13.47                     |
| Series F                                                                              | <b>13.78</b>              | 12.55                     |
| Series FT5                                                                            | <b>14.75</b>              | 14.09                     |
| Series O                                                                              | <b>13.04</b>              | 11.77                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)      | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                   |              |
| Interest income                                                                                                                            | <b>17,418</b>     | 10,972       |
| Distributions from underlying funds                                                                                                        | <b>7,478,987</b>  | 10,948,390   |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                   |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>221,453</b>    | 494,807      |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>19,045,107</b> | (13,634,765) |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>26,762,965</b> | (2,180,596)  |
| <b>Total income (loss)</b>                                                                                                                 | <b>26,762,965</b> | (2,180,596)  |
| <b>Expenses (note 5)</b>                                                                                                                   |                   |              |
| Management fees                                                                                                                            | <b>2,080,464</b>  | 1,654,101    |
| Fixed annual administration fees                                                                                                           | <b>336,956</b>    | 275,506      |
| Independent review committee fees                                                                                                          | <b>2,215</b>      | 2,879        |
| Total operating expenses                                                                                                                   | <b>2,419,635</b>  | 1,932,486    |
| Fees waived/absorbed by the Manager                                                                                                        | <b>-</b>          | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>24,343,330</b> | (4,113,082)  |
| <b>Finance Cost</b>                                                                                                                        |                   |              |
| Interest expense                                                                                                                           | <b>-</b>          | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>24,343,330</b> | (4,113,082)  |
| Income taxes                                                                                                                               | <b>59,351</b>     | 434,591      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>24,283,979</b> | (4,547,673)  |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                   |              |
| Series A                                                                                                                                   | <b>8,400,815</b>  | (2,336,001)  |
| Series AT5                                                                                                                                 | <b>1,503,394</b>  | (405,510)    |
| Series F                                                                                                                                   | <b>5,543,320</b>  | (911,898)    |
| Series FT5                                                                                                                                 | <b>118,799</b>    | (290)        |
| Series O                                                                                                                                   | <b>8,717,651</b>  | (893,974)    |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                   |              |
| Series A                                                                                                                                   | <b>5,717,478</b>  | 4,847,337    |
| Series AT5                                                                                                                                 | <b>920,482</b>    | 707,416      |
| Series F                                                                                                                                   | <b>3,380,018</b>  | 2,191,276    |
| Series FT5                                                                                                                                 | <b>86,719</b>     | 3,854        |
| Series O                                                                                                                                   | <b>4,938,812</b>  | 4,719,784    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                   |              |
| Series A                                                                                                                                   | <b>1.47</b>       | (0.48)       |
| Series AT5                                                                                                                                 | <b>1.63</b>       | (0.57)       |
| Series F                                                                                                                                   | <b>1.64</b>       | (0.42)       |
| Series FT5                                                                                                                                 | <b>1.37</b>       | (0.08)       |
| Series O                                                                                                                                   | <b>1.77</b>       | (0.19)       |

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     |              |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|-------------|-------------|--------------|--------------|
|                                                                                                                          | 2019            | 2018         | 2019        | 2018        | 2019         | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 62,849,271   | 53,415,505   | 10,876,153  | 9,372,394   | 34,474,669   | 20,611,919   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 8,400,815    | (2,336,001)  | 1,503,394   | (405,510)   | 5,543,320    | (911,898)    |
| Redeemable Share Transactions                                                                                            |                 |              |             |             |              |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 27,322,401   | 28,789,148   | 4,358,867   | 4,004,992   | 26,355,560   | 25,109,002   |
| Redemption of redeemable shares                                                                                          | \$ (19,206,860) | (17,019,381) | (2,475,733) | (1,515,783) | (11,211,639) | (10,321,664) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 2,649,096    | 1,346,497    | 276,254     | 190,448     | 1,463,392    | 582,396      |
| Capitalized distributions                                                                                                | \$ -            | -            | -           | -           | -            | -            |
|                                                                                                                          | \$ 10,764,637   | 13,116,264   | 2,159,388   | 2,679,657   | 16,607,313   | 15,369,734   |
| Distributions to Holders of Redeemable Shares                                                                            |                 |              |             |             |              |              |
| From capital gains                                                                                                       | \$ (2,117,457)  | (1,070,681)  | (390,439)   | (184,761)   | (1,206,998)  | (443,799)    |
| From net investment income                                                                                               | \$ (509,364)    | (275,816)    | (86,996)    | (48,047)    | (353,546)    | (151,287)    |
| Return of capital                                                                                                        | \$ -            | -            | (622,369)   | (537,580)   | -            | -            |
|                                                                                                                          | \$ (2,626,821)  | (1,346,497)  | (1,099,804) | (770,388)   | (1,560,544)  | (595,086)    |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 16,538,631   | 9,433,766    | 2,562,978   | 1,503,759   | 20,590,089   | 13,862,750   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 79,387,902   | 62,849,271   | 13,439,131  | 10,876,153  | 55,064,758   | 34,474,669   |
| Redeemable Share Transactions                                                                                            |                 |              |             |             |              |              |
| Balance - beginning of period                                                                                            | 5,309,370       | 4,255,379    | 807,196     | 622,260     | 2,747,392    | 1,566,684    |
| Shares issued                                                                                                            | 2,189,837       | 2,322,881    | 315,557     | 277,528     | 1,977,217    | 1,930,457    |
| Shares issued on reinvestment of distributions                                                                           | 213,751         | 110,202      | 19,605      | 13,025      | 109,626      | 43,811       |
| Shares redeemed                                                                                                          | (1,539,009)     | (1,379,092)  | (178,226)   | (105,617)   | (839,367)    | (793,560)    |
| Balance - end of period                                                                                                  | 6,173,949       | 5,309,370    | 964,132     | 807,196     | 3,994,868    | 2,747,392    |

  

|                                                                                                                          | Series FT5   |         | Series O     |              | Total        |              |
|--------------------------------------------------------------------------------------------------------------------------|--------------|---------|--------------|--------------|--------------|--------------|
|                                                                                                                          | 2019         | 2018    | 2019         | 2018         | 2019         | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 243,210   | -       | 59,825,935   | 48,523,500   | 168,269,238  | 131,923,318  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 118,799   | (290)   | 8,717,651    | (893,974)    | 24,283,979   | (4,547,673)  |
| Redeemable Share Transactions                                                                                            |              |         |              |              |              |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,014,286 | 247,355 | 13,584,534   | 24,782,757   | 73,635,648   | 82,933,254   |
| Redemption of redeemable shares                                                                                          | \$ (115,711) | (59)    | (16,973,211) | (12,576,705) | (49,983,154) | (41,433,592) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 49,129    | 832     | 2,282,231    | 1,244,325    | 6,720,102    | 3,364,498    |
| Capitalized distributions                                                                                                | \$ -         | -       | -            | -            | -            | -            |
|                                                                                                                          | \$ 1,947,704 | 248,128 | (1,106,446)  | 13,450,377   | 30,372,596   | 44,864,160   |
| Distributions to Holders of Redeemable Shares                                                                            |              |         |              |              |              |              |
| From capital gains                                                                                                       | \$ (11,318)  | (200)   | (1,903,327)  | (991,313)    | (5,629,539)  | (2,690,754)  |
| From net investment income                                                                                               | \$ (14,309)  | (1,076) | (418,612)    | (262,655)    | (1,382,827)  | (738,881)    |
| Return of capital                                                                                                        | \$ (65,175)  | (3,352) | -            | -            | (687,544)    | (540,932)    |
|                                                                                                                          | \$ (90,802)  | (4,628) | (2,321,939)  | (1,253,968)  | (7,699,910)  | (3,970,567)  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 1,975,701 | 243,210 | 5,289,266    | 11,302,435   | 46,956,665   | 36,345,920   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 2,218,911 | 243,210 | 65,115,201   | 59,825,935   | 215,225,903  | 168,269,238  |
| Redeemable Share Transactions                                                                                            |              |         |              |              |              |              |
| Balance - beginning of period                                                                                            | 17,259       | -       | 5,084,802    | 3,968,359    | 13,966,019   | 10,412,682   |
| Shares issued                                                                                                            | 137,770      | 17,207  | 1,086,650    | 2,042,405    | 5,707,031    | 6,590,478    |
| Shares issued on reinvestment of distributions                                                                           | 3,350        | 56      | 186,734      | 104,059      | 533,066      | 271,153      |
| Shares redeemed                                                                                                          | (7,945)      | (4)     | (1,364,176)  | (1,030,021)  | (3,928,723)  | (3,308,294)  |
| Balance - end of period                                                                                                  | 150,434      | 17,259  | 4,994,010    | 5,084,802    | 16,277,393   | 13,966,019   |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>24,283,979</b>   | (4,547,673)  |
| Adjustments for:                                                                                                         |                     |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(221,453)</b>    | (494,807)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(19,045,107)</b> | 13,634,765   |
| Non-cash income distributions from underlying funds                                                                      | <b>(7,478,987)</b>  | (10,948,390) |
| Purchases of investments                                                                                                 | <b>(34,488,799)</b> | (54,157,026) |
| Proceeds from sale of investments                                                                                        | <b>14,548,373</b>   | 15,606,042   |
| Change in accrued interest                                                                                               | <b>5,531</b>        | (5,640)      |
| Change in distributions receivable from underlying funds                                                                 | -                   | -            |
| Change in management fees payable                                                                                        | <b>25,338</b>       | 17,280       |
| Change in other payables and accrued expenses                                                                            | <b>3,702</b>        | 2,319        |
| Change in income tax payable                                                                                             | <b>(107,194)</b>    | 55,005       |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(22,474,617)</b> | (40,838,125) |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(979,736)</b>    | (605,820)    |
| Proceeds from redeemable shares issued                                                                                   | <b>73,903,038</b>   | 82,712,616   |
| Redemption of redeemable shares                                                                                          | <b>(49,736,845)</b> | (41,421,561) |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>23,186,457</b>   | 40,685,235   |
| Net increase (decrease) in cash                                                                                          | <b>711,840</b>      | (152,890)    |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>171,483</b>      | 324,373      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>883,323</b>      | 171,483      |
| Interest received                                                                                                        | <b>22,949</b>       | 5,332        |
| Income taxes paid                                                                                                        | <b>(166,545)</b>    | (379,586)    |
| Interest paid                                                                                                            | -                   | -            |

## Schedule of Investments

As at December 31, 2019

|                                               | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-----------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                           |                     |                      |                    |                          |
| Sun Life Granite Balanced Portfolio, Series I | 15,354,282          | 206,306,541          | 214,703,525        |                          |
|                                               |                     | <b>206,306,541</b>   | <b>214,703,525</b> | <b>99.76</b>             |
| <b>Total Investments</b>                      |                     | <b>206,306,541</b>   | <b>214,703,525</b> | <b>99.76</b>             |
| <b>Other Assets less Liabilities</b>          |                     |                      | <b>522,378</b>     | <b>0.24</b>              |
| <b>Total Net Assets</b>                       |                     |                      | <b>215,225,903</b> | <b>100.00</b>            |

## 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 8 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 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.

##### (ii) Interest rate risk

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

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

# Sun Life Granite Balanced Class (continued)

## (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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| U.S. Equities                        | 10.3                         | 9.6               |
| <b>Mutual Funds</b>                  |                              |                   |
| Canadian Fixed Income                | 20.5                         | 19.4              |
| International Equities               | 12.8                         | 11.4              |
| Canadian Equities                    | 10.9                         | 14.0              |
| Tactical Balanced                    | 10.8                         | 9.2               |
| U.S. Equities                        | 5.4                          | 8.0               |
| High Yield Fixed Income              | 1.0                          | 3.5               |
| U.S. Fixed Income                    | 4.4                          | 5.6               |
| Canadian Focused Equities            | 3.8                          | 4.2               |
| Emerging Markets Equities            | 3.4                          | 3.9               |
| Global Fixed Income                  | 1.1                          | 2.5               |
| Emerging Markets Bonds               | 4.7                          | -                 |
| Global Small/Mid Cap Equities        | 5.6                          | 3.4               |
| Real Estate Equities                 | -                            | 1.2               |
| Canadian Money Market                | -                            | 2.0               |
| Global Equities                      | 4.9                          | 2.1               |
| <b>Other Assets less Liabilities</b> | 0.4                          | -                 |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$)  |
|--------------|-------------------|--------------|--------------|-------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 214,703,525       | -            | -            | 214,703,525 |
|              | December 31, 2018 |              |              | Total (\$)  |
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 168,460,735       | -            | -            | 168,460,735 |

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series FT5 | -                 | -                 |
|            | December 31, 2018 |                   |
|            | Shares            | Market Value (\$) |
| Series FT5 | 716               | 10,094            |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 11                | 11,137           | 554                |
|            | December 31, 2018 |                  |                    |
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 10,016            | -                | 721                |

## Interest in Underlying Funds

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 investors 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, 2019 and December 31, 2018, there were no significant interests in the Underlying Portfolio.

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

# Sun Life Granite Balanced 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 Granite Balanced Growth Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 77,979,432                | 66,925,073                |
| Cash                                                                                  | 327,491                   | 140,566                   |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | 9,414                     | 12,405                    |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 22,162                    | 380,468                   |
|                                                                                       | <b>78,338,499</b>         | <b>67,458,512</b>         |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 4,558                     | 3,495                     |
| Redemptions payable                                                                   | 17,982                    | 4,475                     |
| Distributions payable                                                                 | 1,269                     | 1,149                     |
| Due to investment dealers                                                             | 18,586                    | 81,444                    |
| Management fees payable                                                               | 31,509                    | 23,187                    |
| Income tax payable                                                                    | 70,129                    | 108,448                   |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>144,033</b>            | <b>222,198</b>            |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>78,194,466</b>         | <b>67,236,314</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 34,198,288                | 28,761,806                |
| Series AT5                                                                            | 1,449,203                 | 1,058,733                 |
| Series AT8                                                                            | 3,506,894                 | 3,160,820                 |
| Series F                                                                              | 16,388,168                | 11,940,485                |
| Series FT5                                                                            | 580,158                   | 363,910                   |
| Series FT8                                                                            | 347,434                   | 65,022                    |
| Series O                                                                              | 21,724,321                | 21,885,538                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 13.14                     | 12.05                     |
| Series AT5                                                                            | 14.29                     | 13.76                     |
| Series AT8                                                                            | 11.69                     | 11.60                     |
| Series F                                                                              | 14.04                     | 12.74                     |
| Series FT5                                                                            | 14.78                     | 14.07                     |
| Series FT8                                                                            | 13.94                     | 13.68                     |
| Series O                                                                              | 13.22                     | 11.89                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| "signed" Jordy Chilcott | "signed" Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)      | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| <b>Investment Income</b>                                                                                                                   |                   |                    |
| Interest income                                                                                                                            | 14,924            | 2,507              |
| Distributions from underlying funds                                                                                                        | 2,672,317         | 4,917,754          |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                   |                    |
| Net realized gain (loss) on sale of investments                                                                                            | 487,576           | 523,725            |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 8,390,258         | (6,474,095)        |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>11,565,075</b> | <b>(1,030,109)</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>11,565,075</b> | <b>(1,030,109)</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                   |                    |
| Management fees                                                                                                                            | 899,225           | 768,495            |
| Fixed annual administration fees                                                                                                           | 132,029           | 123,449            |
| Independent review committee fees                                                                                                          | 886               | 1,292              |
| Total operating expenses                                                                                                                   | 1,032,140         | 893,236            |
| Fees waived/absorbed by the Manager                                                                                                        | -                 | -                  |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>10,532,935</b> | <b>(1,923,345)</b> |
| <b>Finance Cost</b>                                                                                                                        |                   |                    |
| Interest expense                                                                                                                           | -                 | -                  |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>10,532,935</b> | <b>(1,923,345)</b> |
| Income taxes                                                                                                                               | 366               | 107,863            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>10,532,569</b> | <b>(2,031,208)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                   |                    |
| Series A                                                                                                                                   | 4,253,861         | (1,160,049)        |
| Series AT5                                                                                                                                 | 176,056           | (43,063)           |
| Series AT8                                                                                                                                 | 467,908           | (110,209)          |
| Series F                                                                                                                                   | 2,061,428         | (393,572)          |
| Series FT5                                                                                                                                 | 57,009            | (8,914)            |
| Series FT8                                                                                                                                 | 28,176            | (3,463)            |
| Series O                                                                                                                                   | 3,488,131         | (311,938)          |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                   |                    |
| Series A                                                                                                                                   | 2,565,045         | 2,241,041          |
| Series AT5                                                                                                                                 | 90,886            | 79,560             |
| Series AT8                                                                                                                                 | 301,938           | 256,051            |
| Series F                                                                                                                                   | 1,079,425         | 779,460            |
| Series FT5                                                                                                                                 | 28,274            | 19,464             |
| Series FT8                                                                                                                                 | 19,300            | 2,520              |
| Series O                                                                                                                                   | 1,770,254         | 2,134,401          |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                   |                    |
| Series A                                                                                                                                   | 1.66              | (0.52)             |
| Series AT5                                                                                                                                 | 1.94              | (0.54)             |
| Series AT8                                                                                                                                 | 1.55              | (0.43)             |
| Series F                                                                                                                                   | 1.91              | (0.50)             |
| Series FT5                                                                                                                                 | 2.02              | (0.46)             |
| Series FT8                                                                                                                                 | 1.46              | (1.37)             |
| Series O                                                                                                                                   | 1.97              | (0.15)             |

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          |                   |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019                 | 2018              | 2019             | 2018             | 2019             | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning 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         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 4,253,861         | (1,160,049)       | 176,056          | (43,063)         | 467,908          | (110,209)        | 2,061,428         | (393,572)         |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                  |                  |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ 8,916,904         | 16,298,813        | 941,200          | 163,846          | 470,145          | 976,765          | 7,127,912         | 9,677,525         |
| Redemption of redeemable shares                                                                                          | \$ (7,749,460)       | (10,787,274)      | (643,747)        | (375,886)        | (197,666)        | (496,475)        | (4,744,225)       | (4,923,851)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,522,512         | 724,597           | 50,509           | 42,492           | 63,257           | 90,029           | 664,668           | 256,543           |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -                | -                | -                | -                | -                 | -                 |
|                                                                                                                          | \$ 2,689,956         | 6,236,136         | 347,962          | (169,548)        | 335,736          | 570,319          | 3,048,355         | 5,010,217         |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                  |                  |                  |                  |                   |                   |
| From capital gains                                                                                                       | \$ (1,244,309)       | (569,828)         | (59,109)         | (28,828)         | (148,392)        | (72,849)         | (536,568)         | (194,411)         |
| From net investment income                                                                                               | \$ (263,026)         | (154,769)         | (11,206)         | (5,716)          | (27,306)         | (17,146)         | (125,532)         | (63,857)          |
| Return of capital                                                                                                        | \$ -                 | -                 | (63,233)         | (60,464)         | (281,872)        | (278,310)        | -                 | -                 |
|                                                                                                                          | \$ (1,507,335)       | (724,597)         | (133,548)        | (95,008)         | (457,570)        | (368,305)        | (662,100)         | (258,268)         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 5,436,482         | 4,351,490         | 390,470          | (307,619)        | 346,074          | 91,805           | 4,447,683         | 4,358,377         |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 34,198,288</b> | <b>28,761,806</b> | <b>1,449,203</b> | <b>1,058,733</b> | <b>3,506,894</b> | <b>3,160,820</b> | <b>16,388,168</b> | <b>11,940,485</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                  |                  |                  |                   |                   |
| Balance - beginning of period                                                                                            | 2,386,651            | 1,900,759         | 76,929           | 88,418           | 272,476          | 228,036          | 937,471           | 563,449           |
| Shares issued                                                                                                            | 703,864              | 1,279,104         | 66,176           | 10,868           | 39,237           | 78,457           | 528,651           | 725,833           |
| Shares issued on reinvestment of distributions                                                                           | 121,035              | 58,085            | 3,558            | 2,860            | 5,388            | 6,812            | 49,418            | 18,894            |
| Shares redeemed                                                                                                          | (608,684)            | (851,297)         | (45,269)         | (25,217)         | (17,038)         | (40,829)         | (348,436)         | (370,705)         |
| Balance - end of period                                                                                                  | <b>2,602,866</b>     | <b>2,386,651</b>  | <b>101,394</b>   | <b>76,929</b>    | <b>300,063</b>   | <b>272,476</b>   | <b>1,167,104</b>  | <b>937,471</b>    |

  

|                                                                                                                          | Series FT5        |                | Series FT8     |               | Series O          |                   | Total              |                    |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|----------------|---------------|-------------------|-------------------|--------------------|--------------------|
|                                                                                                                          | 2019              | 2018           | 2019           | 2018          | 2019              | 2018              | 2019               | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 363,910        | -              | 65,022         | -             | 21,885,538        | 27,727,637        | <b>67,236,314</b>  | <b>64,155,428</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 57,009         | (8,914)        | 28,176         | (3,463)       | 3,488,131         | (311,938)         | <b>10,532,569</b>  | <b>(2,031,208)</b> |
| Redeemable Share Transactions                                                                                            |                   |                |                |               |                   |                   |                    |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 166,868        | 373,557        | 298,700        | 70,000        | 3,628,587         | 8,517,980         | 21,550,316         | 36,078,486         |
| Redemption of redeemable shares                                                                                          | \$ (2,105)        | (733)          | (34,877)       | (443)         | (7,277,935)       | (14,048,141)      | (20,650,015)       | (30,632,803)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 34,711         | 16,544         | 17,159         | 2,272         | 1,085,319         | 713,948           | 3,438,135          | 1,846,425          |
| Capitalized distributions                                                                                                | \$ -              | -              | -              | -             | -                 | -                 | -                  | -                  |
|                                                                                                                          | \$ 199,474        | 389,368        | 280,982        | 71,829        | (2,564,029)       | (4,816,213)       | <b>4,338,436</b>   | <b>7,292,108</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                |                |               |                   |                   |                    |                    |
| From capital gains                                                                                                       | \$ (15,218)       | (219)          | (2,697)        | (219)         | (918,037)         | (598,425)         | (2,924,330)        | (1,464,779)        |
| From net investment income                                                                                               | \$ (4,484)        | (1,952)        | (2,686)        | (353)         | (167,282)         | (115,523)         | (601,522)          | (359,316)          |
| Return of capital                                                                                                        | \$ (20,533)       | (14,373)       | (21,363)       | (2,772)       | -                 | -                 | (387,001)          | (355,919)          |
|                                                                                                                          | \$ (40,235)       | (16,544)       | (26,746)       | (3,344)       | (1,085,319)       | (713,948)         | <b>(3,912,853)</b> | <b>(2,180,014)</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 216,248        | 363,910        | 282,412        | 65,022        | (161,217)         | (5,842,099)       | <b>10,958,152</b>  | <b>3,080,886</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 580,158</b> | <b>363,910</b> | <b>347,434</b> | <b>65,022</b> | <b>21,724,321</b> | <b>21,885,538</b> | <b>78,194,466</b>  | <b>67,236,314</b>  |
| Redeemable Share Transactions                                                                                            |                   |                |                |               |                   |                   |                    |                    |
| Balance - beginning of period                                                                                            | 25,860            | -              | 4,754          | -             | 1,841,346         | 2,234,508         | <b>5,545,487</b>   | <b>5,015,170</b>   |
| Shares issued                                                                                                            | 11,128            | 24,781         | 21,448         | 4,630         | 291,563           | 687,749           | 1,662,067          | 2,811,422          |
| Shares issued on reinvestment of distributions                                                                           | 2,399             | 1,128          | 1,232          | 154           | 88,199            | 58,889            | 271,229            | 146,822            |
| Shares redeemed                                                                                                          | (144)             | (49)           | (2,504)        | (30)          | (578,377)         | (1,139,800)       | (1,600,452)        | (2,427,927)        |
| Balance - end of period                                                                                                  | <b>39,243</b>     | <b>25,860</b>  | <b>24,930</b>  | <b>4,754</b>  | <b>1,642,731</b>  | <b>1,841,346</b>  | <b>5,878,331</b>   | <b>5,545,487</b>   |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>10,532,569</b>   | (2,031,208)  |
| Adjustments for:                                                                                                         |                     |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(487,576)</b>    | (523,725)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(8,390,258)</b>  | 6,474,095    |
| Non-cash income distributions from underlying funds                                                                      | <b>(2,672,317)</b>  | (4,917,754)  |
| Purchases of investments                                                                                                 | <b>(12,439,040)</b> | (18,806,304) |
| Proceeds from sale of investments                                                                                        | <b>12,871,974</b>   | 15,256,917   |
| Change in accrued interest                                                                                               | <b>2,991</b>        | (12,405)     |
| Change in distributions receivable from underlying funds                                                                 | <b>-</b>            | -            |
| Change in management fees payable                                                                                        | <b>8,322</b>        | 6,910        |
| Change in other payables and accrued expenses                                                                            | <b>1,063</b>        | 338          |
| Change in income tax payable                                                                                             | <b>(38,319)</b>     | (34,176)     |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(610,591)</b>    | (4,587,312)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(474,598)</b>    | (333,550)    |
| Proceeds from redeemable shares issued                                                                                   | <b>21,908,622</b>   | 35,721,192   |
| Redemption of redeemable shares                                                                                          | <b>(20,636,508)</b> | (30,628,328) |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>797,516</b>      | 4,759,314    |
| Net increase (decrease) in cash                                                                                          | <b>186,925</b>      | 172,002      |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>140,566</b>      | (31,436)     |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>327,491</b>      | 140,566      |
| Interest received                                                                                                        | <b>17,915</b>       | -            |
| Income taxes paid                                                                                                        | <b>(38,685)</b>     | (142,039)    |
| Interest paid                                                                                                            | <b>-</b>            | (9,898)      |

## Schedule of Investments

As at December 31, 2019

|                                                      | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|------------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                                  |                     |                      |                    |                          |
| Sun Life Granite Balanced Growth Portfolio, Series I | 5,232,571           | 73,951,366           | 77,979,432         |                          |
|                                                      |                     | <b>73,951,366</b>    | <b>77,979,432</b>  | <b>99.73</b>             |
| <b>Total Investments</b>                             |                     | <b>73,951,366</b>    | <b>77,979,432</b>  | <b>99.73</b>             |
| <b>Other Assets less Liabilities</b>                 |                     |                      | <b>215,034</b>     | <b>0.27</b>              |
| <b>Total Net Assets</b>                              |                     |                      | <b>78,194,466</b>  | <b>100.00</b>            |

## 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 8 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 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.

##### (ii) Interest rate risk

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

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

# Sun Life Granite Balanced Growth Class (continued)

## (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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| U.S. Equities                        | 12.1                         | 11.4              |
| <b>Mutual Funds</b>                  |                              |                   |
| Canadian Fixed Income                | 14.1                         | 12.9              |
| International Equities               | 15.0                         | 13.8              |
| Tactical Balanced                    | 10.2                         | 9.2               |
| Canadian Equities                    | 12.8                         | 16.0              |
| U.S. Equities                        | 6.3                          | 9.4               |
| Global Equities                      | 5.8                          | 2.3               |
| High Yield Fixed Income              | 0.8                          | 3.1               |
| Canadian Focused Equities            | 4.5                          | 4.8               |
| Global Fixed Income                  | 0.6                          | 2.1               |
| Emerging Markets Equities            | 3.8                          | 4.4               |
| Emerging Markets Bonds               | 4.5                          | -                 |
| U.S. Fixed Income                    | 2.4                          | 3.7               |
| Real Estate Equities                 | -                            | 1.3               |
| Global Small/Mid Cap Equities        | 6.5                          | 3.8               |
| Canadian Money Market                | -                            | 1.0               |
| <b>Other Assets less Liabilities</b> | 0.6                          | 0.8               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 77,979,432        | -            | -            | 77,979,432 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series FT5 | 793               | 11,718            |
| Series FT8 | -                 | -                 |

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 28                | -                | 1,049              |
| Series FT8 | 25                | 11,806           | 1,218              |

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

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

# Sun Life Granite Balanced Growth Class (continued)

## Interest in Underlying Funds

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 investors 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, 2019 and December 31, 2018, 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 Conservative Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>215,024,213</b>        | 170,501,109               |
| Cash                                                                                  | <b>551,173</b>            | 1,261,196                 |
| Due from investment dealers                                                           | -                         | 3,684                     |
| Accrued interest                                                                      | <b>1,892</b>              | 38,554                    |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>308,933</b>            | 232,311                   |
|                                                                                       | <b>215,886,211</b>        | 172,036,854               |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>11,803</b>             | 7,819                     |
| Redemptions payable                                                                   | <b>13,368</b>             | 5,506                     |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | <b>329,574</b>            | 94,344                    |
| Management fees payable                                                               | <b>71,588</b>             | 47,692                    |
| Income tax payable                                                                    | <b>616,088</b>            | 662,706                   |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>1,042,421</b>          | 818,067                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>214,843,790</b>        | 171,218,787               |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>90,343,250</b>         | 73,395,733                |
| Series AT5                                                                            | <b>10,808,615</b>         | 8,419,825                 |
| Series F                                                                              | <b>55,025,937</b>         | 26,340,728                |
| Series FT5                                                                            | <b>2,441,061</b>          | 847,408                   |
| Series O                                                                              | <b>56,224,927</b>         | 62,215,093                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>11.82</b>              | 11.13                     |
| Series AT5                                                                            | <b>12.89</b>              | 12.75                     |
| Series F                                                                              | <b>12.46</b>              | 11.64                     |
| Series FT5                                                                            | <b>14.51</b>              | 14.22                     |
| Series O                                                                              | <b>12.24</b>              | 11.34                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)      | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                   |              |
| Interest income                                                                                                                            | <b>17,909</b>     | 48,158       |
| Distributions from underlying funds                                                                                                        | <b>6,245,012</b>  | 8,638,060    |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                   |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>171,422</b>    | (206,075)    |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>12,232,555</b> | (8,766,718)  |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>18,666,898</b> | (286,575)    |
| <b>Total income (loss)</b>                                                                                                                 | <b>18,666,898</b> | (286,575)    |
| <b>Expenses (note 5)</b>                                                                                                                   |                   |              |
| Management fees                                                                                                                            | <b>1,847,843</b>  | 1,623,398    |
| Fixed annual administration fees                                                                                                           | <b>339,586</b>    | 333,405      |
| Independent review committee fees                                                                                                          | <b>2,230</b>      | 3,496        |
| Total operating expenses                                                                                                                   | <b>2,189,659</b>  | 1,960,299    |
| Fees waived/absorbed by the Manager                                                                                                        | -                 | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>16,477,239</b> | (2,246,874)  |
| <b>Finance Cost</b>                                                                                                                        |                   |              |
| Interest expense                                                                                                                           | -                 | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>16,477,239</b> | (2,246,874)  |
| Income taxes                                                                                                                               | <b>414,416</b>    | 691,790      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>16,062,823</b> | (2,938,664)  |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                   |              |
| Series A                                                                                                                                   | <b>6,252,900</b>  | (1,871,840)  |
| Series AT5                                                                                                                                 | <b>721,518</b>    | (170,550)    |
| Series F                                                                                                                                   | <b>2,780,548</b>  | (426,377)    |
| Series FT5                                                                                                                                 | <b>172,757</b>    | (5,061)      |
| Series O                                                                                                                                   | <b>6,135,100</b>  | (464,836)    |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                   |              |
| Series A                                                                                                                                   | <b>6,970,661</b>  | 6,708,091    |
| Series AT5                                                                                                                                 | <b>756,017</b>    | 526,581      |
| Series F                                                                                                                                   | <b>2,952,845</b>  | 2,128,569    |
| Series FT5                                                                                                                                 | <b>151,707</b>    | 37,348       |
| Series O                                                                                                                                   | <b>5,194,201</b>  | 6,854,874    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                   |              |
| Series A                                                                                                                                   | <b>0.90</b>       | (0.28)       |
| Series AT5                                                                                                                                 | <b>0.95</b>       | (0.32)       |
| Series F                                                                                                                                   | <b>0.94</b>       | (0.20)       |
| Series FT5                                                                                                                                 | <b>1.14</b>       | (0.14)       |
| Series O                                                                                                                                   | <b>1.18</b>       | (0.07)       |

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          |                   |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019                 | 2018              | 2019              | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 73,395,733        | 74,129,411        | 8,419,825         | 7,017,836        | 26,340,728        | 20,406,251        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 6,252,900         | (1,871,840)       | 721,518           | (170,550)        | 2,780,548         | (426,377)         |
| Redeemable Share Transactions                                                                                            |                      |                   |                   |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ 33,732,462        | 35,268,309        | 3,142,569         | 3,760,359        | 34,516,081        | 16,119,821        |
| Redemption of redeemable shares                                                                                          | \$ (23,075,393)      | (34,130,147)      | (1,006,522)       | (1,813,855)      | (8,545,529)       | (9,746,778)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,628,907         | 1,193,194         | 197,242           | 208,209          | 584,616           | 348,499           |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -                 | -                | -                 | -                 |
|                                                                                                                          | \$ 12,285,976        | 2,331,356         | 2,333,289         | 2,154,713        | 26,555,168        | 6,721,542         |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                   |                  |                   |                   |
| From capital gains                                                                                                       | \$ (1,317,615)       | (1,018,067)       | (147,838)         | (87,830)         | (483,734)         | (297,626)         |
| From net investment income                                                                                               | \$ (273,744)         | (175,127)         | (32,939)          | (20,256)         | (166,773)         | (63,062)          |
| Return of capital                                                                                                        | \$ -                 | -                 | (485,240)         | (474,088)        | -                 | -                 |
|                                                                                                                          | \$ (1,591,359)       | (1,193,194)       | (666,017)         | (582,174)        | (650,507)         | (360,688)         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 16,947,517        | (733,678)         | 2,388,790         | 1,401,989        | 28,685,209        | 5,934,477         |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ <b>90,343,250</b> | <b>73,395,733</b> | <b>10,808,615</b> | <b>8,419,825</b> | <b>55,025,937</b> | <b>26,340,728</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                   |                  |                   |                   |
| Balance - beginning of period                                                                                            | 6,593,237            | 6,398,727         | 660,353           | 504,946          | 2,263,358         | 1,699,309         |
| Shares issued                                                                                                            | 2,898,556            | 3,090,833         | 240,197           | 275,970          | 2,805,198         | 1,355,924         |
| Shares issued on reinvestment of distributions                                                                           | 138,750              | 104,426           | 15,542            | 14,997           | 47,067            | 28,547            |
| Shares redeemed                                                                                                          | (1,987,861)          | (3,000,749)       | (77,501)          | (135,560)        | (700,615)         | (820,422)         |
| Balance - end of period                                                                                                  | <b>7,642,682</b>     | <b>6,593,237</b>  | <b>838,591</b>    | <b>660,353</b>   | <b>4,415,008</b>  | <b>2,263,358</b>  |

  

|                                                                                                                          | Series FT5          |                | Series O          |                   | Total              |                     |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|-------------------|-------------------|--------------------|---------------------|
|                                                                                                                          | 2019                | 2018           | 2019              | 2018              | 2019               | 2018                |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 847,408          | -              | 62,215,093        | 90,814,480        | <b>171,218,787</b> | <b>192,367,978</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 172,757          | (5,061)        | 6,135,100         | (464,836)         | <b>16,062,823</b>  | <b>(2,938,664)</b>  |
| Redeemable Share Transactions                                                                                            |                     |                |                   |                   |                    |                     |
| Proceeds from redeemable shares issued                                                                                   | \$ 1,545,357        | 942,962        | 11,607,399        | 20,406,857        | 84,543,868         | 76,498,308          |
| Redemption of redeemable shares                                                                                          | \$ (69,788)         | (65,000)       | (23,732,652)      | (48,537,743)      | (56,429,884)       | (94,293,523)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 103,148          | 2,735          | 1,277,480         | 1,276,299         | 3,791,393          | 3,028,936           |
| Capitalized distributions                                                                                                | \$ -                | -              | -                 | -                 | -                  | -                   |
|                                                                                                                          | \$ 1,578,717        | 880,697        | (10,847,773)      | (26,854,587)      | <b>31,905,377</b>  | <b>(14,766,279)</b> |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                |                   |                   |                    |                     |
| From capital gains                                                                                                       | \$ (40,113)         | (1,408)        | (1,106,973)       | (1,130,875)       | (3,096,273)        | (2,535,806)         |
| From net investment income                                                                                               | \$ (7,412)          | (1,650)        | (170,520)         | (149,089)         | (651,388)          | (409,184)           |
| Return of capital                                                                                                        | \$ (110,296)        | (25,170)       | -                 | -                 | (595,536)          | (499,258)           |
|                                                                                                                          | \$ (157,821)        | (28,228)       | (1,277,493)       | (1,279,964)       | <b>(4,343,197)</b> | <b>(3,444,248)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 1,593,653        | 847,408        | (5,990,166)       | (28,599,387)      | <b>43,625,003</b>  | <b>(21,149,191)</b> |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ <b>2,441,061</b> | <b>847,408</b> | <b>56,224,927</b> | <b>62,215,093</b> | <b>214,843,790</b> | <b>171,218,787</b>  |
| Redeemable Share Transactions                                                                                            |                     |                |                   |                   |                    |                     |
| Balance - beginning of period                                                                                            | 59,603              | -              | 5,487,803         | 7,829,826         | <b>15,064,354</b>  | <b>16,432,808</b>   |
| Shares issued                                                                                                            | 106,292             | 63,764         | 972,853           | 1,770,815         | 7,023,096          | 6,557,306           |
| Shares issued on reinvestment of distributions                                                                           | 7,102               | 183            | 109,767           | 111,839           | 318,228            | 259,992             |
| Shares redeemed                                                                                                          | (4,788)             | (4,344)        | (1,978,659)       | (4,224,677)       | (4,749,424)        | (8,185,752)         |
| Balance - end of period                                                                                                  | <b>168,209</b>      | <b>59,603</b>  | <b>4,591,764</b>  | <b>5,487,803</b>  | <b>17,656,254</b>  | <b>15,064,354</b>   |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>16,062,823</b>   | (2,938,664)  |
| Adjustments for:                                                                                                         |                     |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(171,422)</b>    | 206,075      |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(12,232,555)</b> | 8,766,718    |
| Non-cash income distributions from underlying funds                                                                      | <b>(6,245,012)</b>  | (8,638,060)  |
| Purchases of investments                                                                                                 | <b>(46,341,188)</b> | (40,531,826) |
| Proceeds from sale of investments                                                                                        | <b>20,705,987</b>   | 62,377,208   |
| Change in accrued interest                                                                                               | <b>36,662</b>       | (38,554)     |
| Change in distributions receivable from underlying funds                                                                 | -                   | -            |
| Change in management fees payable                                                                                        | <b>23,896</b>       | 9,971        |
| Change in other payables and accrued expenses                                                                            | <b>3,984</b>        | (1,587)      |
| Change in income tax payable                                                                                             | <b>(46,618)</b>     | (249,860)    |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(28,203,443)</b> | 18,961,421   |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(551,804)</b>    | (417,551)    |
| Proceeds from redeemable shares issued                                                                                   | <b>84,467,246</b>   | 76,865,169   |
| Redemption of redeemable shares                                                                                          | <b>(56,422,022)</b> | (94,319,083) |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>27,493,420</b>   | (17,871,465) |
| Net increase (decrease) in cash                                                                                          | <b>(710,023)</b>    | 1,089,956    |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>1,261,196</b>    | 171,240      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>551,173</b>      | 1,261,196    |
| Interest received                                                                                                        | <b>54,571</b>       | 9,604        |
| Income taxes paid                                                                                                        | <b>(461,034)</b>    | (941,650)    |
| Interest paid                                                                                                            | -                   | -            |

## Schedule of Investments

As at December 31, 2019

|                                                         | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|---------------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                                     |                     |                      |                    |                          |
| Sun Life Granite<br>Conservative<br>Portfolio, Series I | 17,822,148          | 212,824,889          | 215,024,213        |                          |
|                                                         |                     | <b>212,824,889</b>   | <b>215,024,213</b> | <b>100.08</b>            |
| <b>Total Investments</b>                                |                     | <b>212,824,889</b>   | <b>215,024,213</b> | <b>100.08</b>            |
| <b>Other Assets less Liabilities</b>                    |                     |                      | <b>(180,423)</b>   | <b>(0.08)</b>            |
| <b>Total Net Assets</b>                                 |                     |                      | <b>214,843,790</b> | <b>100.00</b>            |

## 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 8 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 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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| U.S. Equities                        | 5.2                          | 3.0               |
| <b>Mutual Funds</b>                  |                              |                   |
| Canadian Fixed Income                | 41.8                         | 40.9              |
| Tactical Balanced                    | 11.9                         | 9.9               |
| U.S. Fixed Income                    | 7.9                          | 9.5               |
| High Yield Fixed Income              | 1.3                          | 4.7               |
| International Equities               | 7.2                          | 5.5               |
| Canadian Equities                    | 4.8                          | 7.0               |
| Global Fixed Income                  | 2.2                          | 3.7               |
| U.S. Equities                        | 2.8                          | 3.7               |
| Canadian Focused Equities            | 1.8                          | 2.1               |
| Emerging Markets Equities            | 1.5                          | 1.2               |
| Real Estate Equities                 | -                            | 0.7               |
| Global Equities                      | 2.0                          | 1.1               |
| Emerging Markets Bonds               | 5.0                          | -                 |
| Global Small/Mid Cap Equities        | 2.9                          | 1.4               |
| Canadian Money Market                | 1.3                          | 5.4               |
| <b>Other Assets less Liabilities</b> | 0.4                          | 0.2               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$)  |
|--------------|-------------------|--------------|--------------|-------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 215,024,213       | -            | -            | 215,024,213 |
|              |                   |              |              |             |
|              | December 31, 2018 |              |              | Total (\$)  |
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 170,501,109       | -            | -            | 170,501,109 |

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series FT5 | -                 | -                 |
|            |                   |                   |
|            | December 31, 2018 |                   |
|            | Shares            | Market Value (\$) |
| Series FT5 | 710               | 10,098            |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 11                | 10,862           | 394                |
|            |                   |                  |                    |
|            | December 31, 2018 |                  |                    |
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 10,016            | -                | 627                |

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

# Sun Life Granite Conservative Class (continued)

## Interest in Underlying Funds

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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 62,160,375                | 48,060,237                |
| Cash                                                                                  | 307,774                   | 324,493                   |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | -                         | 3,539                     |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 13,420                    | 17,514                    |
|                                                                                       | 62,481,569                | 48,405,783                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 3,584                     | 2,469                     |
| Redemptions payable                                                                   | 7,995                     | 2,000                     |
| Distributions payable                                                                 | 3,753                     | 4,443                     |
| Due to investment dealers                                                             | 33,668                    | 74,763                    |
| Management fees payable                                                               | 21,597                    | 14,126                    |
| Income tax payable                                                                    | 38,756                    | 49,146                    |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | 109,353                   | 146,947                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>62,372,216</b>         | <b>48,258,836</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 23,069,962                | 18,060,592                |
| Series AT5                                                                            | 490,709                   | 127,884                   |
| Series AT8                                                                            | 678,005                   | 791,629                   |
| Series F                                                                              | 15,099,107                | 9,132,546                 |
| Series FT5                                                                            | 11,838                    | 10,093                    |
| Series FT8                                                                            | 11,838                    | 10,092                    |
| Series O                                                                              | 23,010,757                | 20,126,000                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 13.48                     | 12.24                     |
| Series AT5                                                                            | 14.68                     | 14.00                     |
| Series AT8                                                                            | 11.96                     | 11.75                     |
| Series F                                                                              | 14.45                     | 12.98                     |
| Series FT5                                                                            | 14.93                     | 14.07                     |
| Series FT8                                                                            | 14.09                     | 13.68                     |
| Series O                                                                              | 13.42                     | 11.93                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| "signed" Jordy Chilcott | "signed" Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)       |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|
| <b>Investment Income</b>                                                                                                                   |                  |                    |
| Interest income                                                                                                                            | 7,326            | 3,893              |
| Distributions from underlying funds                                                                                                        | 2,102,397        | 3,496,475          |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                    |
| Net realized gain (loss) on sale of investments                                                                                            | 309,518          | 230,333            |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 6,920,052        | (4,645,406)        |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>9,339,293</b> | <b>(914,705)</b>   |
| <b>Total income (loss)</b>                                                                                                                 | <b>9,339,293</b> | <b>(914,705)</b>   |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                    |
| Management fees                                                                                                                            | 586,424          | 470,834            |
| Fixed annual administration fees                                                                                                           | 99,269           | 80,666             |
| Independent review committee fees                                                                                                          | 661              | 847                |
| Total operating expenses                                                                                                                   | 686,354          | 552,347            |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -                  |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>8,652,939</b> | <b>(1,467,052)</b> |
| <b>Finance Cost</b>                                                                                                                        |                  |                    |
| Interest expense                                                                                                                           | -                | -                  |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>8,652,939</b> | <b>(1,467,052)</b> |
| Income taxes                                                                                                                               | (3,554)          | 47,596             |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>8,656,493</b> | <b>(1,514,648)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                    |
| Series A                                                                                                                                   | 3,007,737        | (783,921)          |
| Series AT5                                                                                                                                 | 38,221           | (5,230)            |
| Series AT8                                                                                                                                 | 118,797          | (49,295)           |
| Series F                                                                                                                                   | 1,782,228        | (291,868)          |
| Series FT5                                                                                                                                 | 1,713            | 93                 |
| Series FT8                                                                                                                                 | 1,713            | 92                 |
| Series O                                                                                                                                   | 3,706,084        | (384,519)          |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                    |
| Series A                                                                                                                                   | 1,646,735        | 1,419,613          |
| Series AT5                                                                                                                                 | 18,228           | 9,117              |
| Series AT8                                                                                                                                 | 65,325           | 62,024             |
| Series F                                                                                                                                   | 873,429          | 501,972            |
| Series FT5                                                                                                                                 | 759              | 694                |
| Series FT8                                                                                                                                 | 792              | 703                |
| Series O                                                                                                                                   | 1,756,507        | 1,590,066          |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                    |
| Series A                                                                                                                                   | 1.83             | (0.55)             |
| Series AT5                                                                                                                                 | 2.10             | (0.57)             |
| Series AT8                                                                                                                                 | 1.82             | (0.79)             |
| Series F                                                                                                                                   | 2.04             | (0.58)             |
| Series FT5                                                                                                                                 | 2.26             | 0.13               |
| Series FT8                                                                                                                                 | 2.16             | 0.13               |
| Series O                                                                                                                                   | 2.11             | (0.24)             |

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          |                  |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------|----------------|----------------|----------------|-------------------|------------------|
|                                                                                                                          | 2019                 | 2018              | 2019           | 2018           | 2019           | 2018           | 2019              | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 18,060,592        | 17,195,639        | 127,884        | 143,436        | 791,629        | 504,230        | 9,132,546         | 5,606,379        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 3,007,737         | (783,921)         | 38,221         | (5,230)        | 118,797        | (49,295)       | 1,782,228         | (291,868)        |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                |                |                   |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 10,078,174        | 8,787,649         | 353,240        | 18             | 204,771        | 815,573        | 6,574,993         | 5,166,279        |
| Redemption of redeemable shares                                                                                          | \$ (8,085,876)       | (7,138,775)       | (22,366)       | (5,400)        | (346,953)      | (399,075)      | (2,389,905)       | (1,339,977)      |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,024,245         | 455,468           | 17,648         | 5,821          | 10,433         | 9,502          | 550,490           | 171,984          |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -              | -              | -              | -              | -                 | -                |
|                                                                                                                          | \$ 3,016,543         | 2,104,342         | 348,522        | 439            | (131,749)      | 426,000        | 4,735,578         | 3,998,286        |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                |                |                |                |                   |                  |
| From capital gains                                                                                                       | \$ (774,232)         | (338,899)         | (5,184)        | (2,745)        | (32,251)       | (14,579)       | (393,714)         | (121,261)        |
| From net investment income                                                                                               | \$ (240,678)         | (116,569)         | (5,129)        | (830)          | (7,172)        | (5,184)        | (157,531)         | (58,990)         |
| Return of capital                                                                                                        | \$ -                 | -                 | (13,605)       | (7,186)        | (61,249)       | (69,543)       | -                 | -                |
|                                                                                                                          | \$ (1,014,910)       | (455,468)         | (23,918)       | (10,761)       | (100,672)      | (89,306)       | (551,245)         | (180,251)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 5,009,370         | 864,953           | 362,825        | (15,552)       | (113,624)      | 287,399        | 5,966,561         | 3,526,167        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 23,069,962</b> | <b>18,060,592</b> | <b>490,709</b> | <b>127,884</b> | <b>678,005</b> | <b>791,629</b> | <b>15,099,107</b> | <b>9,132,546</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                |                |                   |                  |
| Balance - beginning of period                                                                                            | 1,475,085            | 1,315,727         | 9,135          | 9,102          | 67,357         | 36,894         | 703,597           | 408,974          |
| Shares issued                                                                                                            | 776,382              | 675,312           | 24,596         | 13             | 17,100         | 60,294         | 472,630           | 378,785          |
| Shares issued on reinvestment of distributions                                                                           | 79,431               | 35,714            | 1,194          | 374            | 838            | 693            | 39,668            | 12,626           |
| Shares redeemed                                                                                                          | (620,041)            | (551,668)         | (1,502)        | (354)          | (28,587)       | (30,524)       | (171,325)         | (96,788)         |
| Balance - end of period                                                                                                  | <b>1,710,857</b>     | <b>1,475,085</b>  | <b>33,423</b>  | <b>9,135</b>   | <b>56,708</b>  | <b>67,357</b>  | <b>1,044,570</b>  | <b>703,597</b>   |

  

|                                                                                                                          | Series FT5       |               | Series FT8    |               | Series O          |                   | Total              |                    |
|--------------------------------------------------------------------------------------------------------------------------|------------------|---------------|---------------|---------------|-------------------|-------------------|--------------------|--------------------|
|                                                                                                                          | 2019             | 2018          | 2019          | 2018          | 2019              | 2018              | 2019               | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 10,093        | -             | 10,092        | -             | 20,126,000        | 17,194,556        | <b>48,258,836</b>  | <b>40,644,240</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 1,713         | 93            | 1,713         | 92            | 3,706,084         | (384,519)         | <b>8,656,493</b>   | <b>(1,514,648)</b> |
| Redeemable Share Transactions                                                                                            |                  |               |               |               |                   |                   |                    |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ -             | 10,000        | -             | 10,000        | 5,427,695         | 7,655,554         | 22,638,873         | 22,445,073         |
| Redemption of redeemable shares                                                                                          | \$ -             | -             | -             | -             | (6,249,022)       | (4,339,591)       | (17,094,122)       | (13,222,818)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,104         | 742           | 1,438         | 1,037         | 1,087,187         | 504,840           | 2,692,545          | 1,149,394          |
| Capitalized distributions                                                                                                | \$ -             | -             | -             | -             | -                 | -                 | -                  | -                  |
|                                                                                                                          | \$ 1,104         | 10,742        | 1,438         | 11,037        | 265,860           | 3,820,803         | <b>8,237,296</b>   | <b>10,371,649</b>  |
| Distributions to Holders of Redeemable Shares                                                                            |                  |               |               |               |                   |                   |                    |                    |
| From capital gains                                                                                                       | \$ (413)         | (200)         | (413)         | (200)         | (846,918)         | (374,773)         | (2,053,125)        | (852,657)          |
| From net investment income                                                                                               | \$ (124)         | (65)          | (123)         | (65)          | (240,269)         | (130,067)         | (651,026)          | (311,770)          |
| Return of capital                                                                                                        | \$ (535)         | (477)         | (869)         | (772)         | -                 | -                 | (76,258)           | (77,978)           |
|                                                                                                                          | \$ (1,072)       | (742)         | (1,405)       | (1,037)       | (1,087,187)       | (504,840)         | <b>(2,780,409)</b> | <b>(1,242,405)</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 1,745         | 10,093        | 1,746         | 10,092        | 2,884,757         | 2,931,444         | <b>14,113,380</b>  | <b>7,614,596</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 11,838</b> | <b>10,093</b> | <b>11,838</b> | <b>10,092</b> | <b>23,010,757</b> | <b>20,126,000</b> | <b>62,372,216</b>  | <b>48,258,836</b>  |
| Redeemable Share Transactions                                                                                            |                  |               |               |               |                   |                   |                    |                    |
| Balance - beginning of period                                                                                            | 717              | -             | 738           | -             | 1,686,462         | 1,377,959         | <b>3,943,091</b>   | <b>3,148,656</b>   |
| Shares issued                                                                                                            | -                | 666           | -             | 667           | 423,844           | 615,318           | 1,714,552          | 1,731,055          |
| Shares issued on reinvestment of distributions                                                                           | 76               | 51            | 103           | 71            | 86,828            | 41,396            | 208,138            | 90,925             |
| Shares redeemed                                                                                                          | -                | -             | -             | -             | (482,545)         | (348,211)         | (1,304,000)        | (1,027,545)        |
| Balance - end of period                                                                                                  | <b>793</b>       | <b>717</b>    | <b>841</b>    | <b>738</b>    | <b>1,714,589</b>  | <b>1,686,462</b>  | <b>4,561,781</b>   | <b>3,943,091</b>   |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>8,656,493</b>    | (1,514,648)  |
| Adjustments for:                                                                                                         |                     |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(309,518)</b>    | (230,333)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(6,920,052)</b>  | 4,645,406    |
| Non-cash income distributions from underlying funds                                                                      | <b>(2,102,397)</b>  | (3,496,475)  |
| Purchases of investments                                                                                                 | <b>(11,633,770)</b> | (15,606,774) |
| Proceeds from sale of investments                                                                                        | <b>6,824,504</b>    | 6,683,524    |
| Change in accrued interest                                                                                               | <b>3,539</b>        | (3,539)      |
| Change in distributions receivable from underlying funds                                                                 | -                   | -            |
| Change in management fees payable                                                                                        | <b>7,471</b>        | 3,702        |
| Change in other payables and accrued expenses                                                                            | <b>1,115</b>        | 513          |
| Change in income tax payable                                                                                             | <b>(10,390)</b>     | (27,901)     |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(5,483,005)</b>  | (9,546,525)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(88,554)</b>     | (88,994)     |
| Proceeds from redeemable shares issued                                                                                   | <b>22,642,967</b>   | 22,642,150   |
| Redemption of redeemable shares                                                                                          | <b>(17,088,127)</b> | (13,221,818) |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>5,466,286</b>    | 9,331,338    |
| Net increase (decrease) in cash                                                                                          | <b>(16,719)</b>     | (215,187)    |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>324,493</b>      | 539,680      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>307,774</b>      | 324,493      |
| Interest received                                                                                                        | <b>10,865</b>       | 354          |
| Income taxes paid                                                                                                        | <b>(6,836)</b>      | (75,497)     |
| Interest paid                                                                                                            | -                   | -            |

## Schedule of Investments

As at December 31, 2019

|                                             | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|---------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                         |                     |                      |                    |                          |
| Sun Life Granite Growth Portfolio, Series I | 4,079,970           | 58,675,102           | 62,160,375         |                          |
|                                             |                     | <b>58,675,102</b>    | <b>62,160,375</b>  | <b>99.66</b>             |
| <b>Total Investments</b>                    |                     | <b>58,675,102</b>    | <b>62,160,375</b>  | <b>99.66</b>             |
| <b>Other Assets less Liabilities</b>        |                     |                      | <b>211,841</b>     | <b>0.34</b>              |
| <b>Total Net Assets</b>                     |                     |                      | <b>62,372,216</b>  | <b>100.00</b>            |

## 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 8 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 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.

##### (ii) Interest rate risk

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

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

# Sun Life Granite Growth Class (continued)

## (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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| U.S. Equities                        | 14.0                         | 13.6              |
| <b>Mutual Funds</b>                  |                              |                   |
| International Equities               | 17.1                         | 16.2              |
| Canadian Equities                    | 15.0                         | 18.1              |
| Tactical Balanced                    | 9.5                          | 8.7               |
| Canadian Fixed Income                | 7.6                          | 6.8               |
| Global Equities                      | 6.8                          | 2.6               |
| U.S. Equities                        | 7.2                          | 10.7              |
| Real Estate Equities                 | -                            | 1.4               |
| Canadian Focused Equities            | 5.1                          | 5.6               |
| High Yield Fixed Income              | 0.5                          | 2.4               |
| Emerging Markets Equities            | 4.2                          | 4.8               |
| Emerging Markets Bonds               | 4.2                          | -                 |
| U.S. Fixed Income                    | 0.4                          | 1.7               |
| Global Fixed Income                  | 0.1                          | 1.6               |
| Global Small/Mid Cap Equities        | 7.6                          | 4.3               |
| Canadian Money Market                | -                            | 1.0               |
| <b>Other Assets less Liabilities</b> | 0.7                          | 0.5               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 62,160,375        | -            | -            | 62,160,375 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series AT5 | -                 | -                 |
| Series FT5 | 793               | 11,838            |
| Series FT8 | 840               | 11,838            |

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series AT5 | 37                | 16,966           | 1,297              |
| Series FT5 | 28                | -                | 1,072              |
| Series FT8 | 28                | -                | 1,406              |

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

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

# Sun Life Granite Growth Class (continued)

## Interest in Underlying Funds

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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>140,480,949</b>        | 113,901,049               |
| Cash                                                                                  | <b>100,655</b>            | 574,280                   |
| Due from investment dealers                                                           | <b>6,745</b>              | 536,184                   |
| Accrued interest                                                                      | <b>153</b>                | 5,608                     |
| Distributions receivable from underlying funds                                        | <b>-</b>                  | 2,373                     |
| Subscriptions receivable                                                              | <b>213,248</b>            | 65,601                    |
|                                                                                       | <b>140,801,750</b>        | 115,085,095               |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | <b>-</b>                  | -                         |
| Accrued expenses                                                                      | <b>8,171</b>              | -                         |
| Redemptions payable                                                                   | <b>77,500</b>             | 43,300                    |
| Distributions payable                                                                 | <b>1,197</b>              | -                         |
| Due to investment dealers                                                             | <b>206,159</b>            | 31,010                    |
| Management fees payable                                                               | <b>48,339</b>             | 34,651                    |
| Income tax payable                                                                    | <b>338,603</b>            | 317,468                   |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>679,969</b>            | 426,429                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>140,121,781</b>        | 114,658,666               |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>52,918,693</b>         | 45,310,048                |
| Series AT5                                                                            | <b>8,671,992</b>          | 7,723,105                 |
| Series F                                                                              | <b>24,102,366</b>         | 15,458,182                |
| Series FT5                                                                            | <b>7,390,313</b>          | 1,980,358                 |
| Series O                                                                              | <b>47,038,417</b>         | 44,186,973                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>12.59</b>              | 11.68                     |
| Series AT5                                                                            | <b>13.68</b>              | 13.33                     |
| Series F                                                                              | <b>13.49</b>              | 12.38                     |
| Series FT5                                                                            | <b>14.68</b>              | 14.14                     |
| Series O                                                                              | <b>12.91</b>              | 11.75                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)      | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                   |              |
| Interest income                                                                                                                            | <b>6,874</b>      | 3,697        |
| Distributions from underlying funds                                                                                                        | <b>4,254,265</b>  | 6,841,904    |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                   |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>371,591</b>    | 318,411      |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>11,525,630</b> | (8,312,963)  |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>16,158,360</b> | (1,148,951)  |
| <b>Total income (loss)</b>                                                                                                                 | <b>16,158,360</b> | (1,148,951)  |
| <b>Expenses (note 5)</b>                                                                                                                   |                   |              |
| Management fees                                                                                                                            | <b>1,347,713</b>  | 1,137,386    |
| Fixed annual administration fees                                                                                                           | <b>230,015</b>    | 195,288      |
| Independent review committee fees                                                                                                          | <b>1,534</b>      | 2,033        |
| Total operating expenses                                                                                                                   | <b>1,579,262</b>  | 1,334,707    |
| Fees waived/absorbed by the Manager                                                                                                        | <b>-</b>          | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>14,579,098</b> | (2,483,658)  |
| <b>Finance Cost</b>                                                                                                                        |                   |              |
| Interest expense                                                                                                                           | <b>-</b>          | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>14,579,098</b> | (2,483,658)  |
| Income taxes                                                                                                                               | <b>295,655</b>    | 304,674      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>14,283,443</b> | (2,788,332)  |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                   |              |
| Series A                                                                                                                                   | <b>5,059,445</b>  | (1,507,784)  |
| Series AT5                                                                                                                                 | <b>852,348</b>    | (272,113)    |
| Series F                                                                                                                                   | <b>2,103,279</b>  | (355,399)    |
| Series FT5                                                                                                                                 | <b>573,115</b>    | (30,543)     |
| Series O                                                                                                                                   | <b>5,695,256</b>  | (622,493)    |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                   |              |
| Series A                                                                                                                                   | <b>4,055,185</b>  | 3,751,045    |
| Series AT5                                                                                                                                 | <b>616,855</b>    | 525,098      |
| Series F                                                                                                                                   | <b>1,483,857</b>  | 910,981      |
| Series FT5                                                                                                                                 | <b>435,026</b>    | 80,897       |
| Series O                                                                                                                                   | <b>3,732,169</b>  | 3,680,199    |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                   |              |
| Series A                                                                                                                                   | <b>1.25</b>       | (0.40)       |
| Series AT5                                                                                                                                 | <b>1.38</b>       | (0.52)       |
| Series F                                                                                                                                   | <b>1.42</b>       | (0.39)       |
| Series FT5                                                                                                                                 | <b>1.32</b>       | (0.38)       |
| Series O                                                                                                                                   | <b>1.53</b>       | (0.17)       |

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    |             |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|-------------|-------------|-------------|-------------|
|                                                                                                                          | 2019            | 2018         | 2019        | 2018        | 2019        | 2018        |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 45,310,048   | 42,756,718   | 7,723,105   | 7,026,318   | 15,458,182  | 6,507,862   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 5,059,445    | (1,507,784)  | 852,348     | (272,113)   | 2,103,279   | (355,399)   |
| Redeemable Share Transactions                                                                                            |                 |              |             |             |             |             |
| Proceeds from redeemable shares issued                                                                                   | \$ 16,627,171   | 17,237,846   | 2,076,684   | 3,339,354   | 13,979,072  | 13,310,361  |
| Redemption of redeemable shares                                                                                          | \$ (14,102,645) | (13,176,732) | (1,554,355) | (1,980,140) | (7,429,485) | (4,004,642) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,444,309    | 940,847      | 223,423     | 176,067     | 511,339     | 196,230     |
| Capitalized distributions                                                                                                | \$ -            | -            | -           | -           | -           | -           |
|                                                                                                                          | \$ 3,968,835    | 5,001,961    | 745,752     | 1,535,281   | 7,060,926   | 9,501,949   |
| Distributions to Holders of Redeemable Shares                                                                            |                 |              |             |             |             |             |
| From capital gains                                                                                                       | \$ (1,233,196)  | (760,063)    | (204,780)   | (128,765)   | (435,226)   | (134,693)   |
| From net investment income                                                                                               | \$ (186,439)    | (180,784)    | (31,645)    | (31,049)    | (84,795)    | (61,537)    |
| Return of capital                                                                                                        | \$ -            | -            | (412,788)   | (406,567)   | -           | -           |
|                                                                                                                          | \$ (1,419,635)  | (940,847)    | (649,213)   | (566,381)   | (520,021)   | (196,230)   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 7,608,645    | 2,553,330    | 948,887     | 696,787     | 8,644,184   | 8,950,320   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 52,918,693   | 45,310,048   | 8,671,992   | 7,723,105   | 24,102,366  | 15,458,182  |
| Redeemable Share Transactions                                                                                            |                 |              |             |             |             |             |
| Balance - beginning of period                                                                                            | 3,878,549       | 3,470,513    | 579,263     | 474,747     | 1,248,797   | 504,166     |
| Shares issued                                                                                                            | 1,356,969       | 1,417,228    | 151,471     | 231,217     | 1,066,452   | 1,046,082   |
| Shares issued on reinvestment of distributions                                                                           | 117,762         | 79,844       | 16,399      | 11,862      | 38,873      | 15,057      |
| Shares redeemed                                                                                                          | (1,148,679)     | (1,089,036)  | (113,076)   | (138,563)   | (566,884)   | (316,508)   |
| Balance - end of period                                                                                                  | 4,204,601       | 3,878,549    | 634,057     | 579,263     | 1,787,238   | 1,248,797   |

  

|                                                                                                                          | Series FT5     |           | Series O    |             | Total        |              |
|--------------------------------------------------------------------------------------------------------------------------|----------------|-----------|-------------|-------------|--------------|--------------|
|                                                                                                                          | 2019           | 2018      | 2019        | 2018        | 2019         | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 1,980,358   | -         | 44,186,973  | 42,258,953  | 114,658,666  | 98,549,851   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 573,115     | (30,543)  | 5,695,256   | (622,493)   | 14,283,443   | (2,788,332)  |
| Redeemable Share Transactions                                                                                            |                |           |             |             |              |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 6,225,504   | 2,085,270 | 6,469,450   | 11,191,523  | 45,377,881   | 47,164,354   |
| Redemption of redeemable shares                                                                                          | \$ (1,106,692) | (61,080)  | (9,287,356) | (8,641,010) | (33,480,533) | (27,863,604) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 120,761     | 55,311    | 1,319,188   | 906,360     | 3,619,020    | 2,274,815    |
| Capitalized distributions                                                                                                | \$ -           | -         | -           | -           | -            | -            |
|                                                                                                                          | \$ 5,239,573   | 2,079,501 | (1,498,718) | 3,456,873   | 15,516,368   | 21,575,565   |
| Distributions to Holders of Redeemable Shares                                                                            |                |           |             |             |              |              |
| From capital gains                                                                                                       | \$ (52,946)    | (687)     | (1,179,438) | (729,956)   | (3,105,586)  | (1,754,164)  |
| From net investment income                                                                                               | \$ (25,217)    | (7,924)   | (165,656)   | (176,404)   | (493,752)    | (457,698)    |
| Return of capital                                                                                                        | \$ (324,570)   | (59,989)  | -           | -           | (737,358)    | (466,556)    |
|                                                                                                                          | \$ (402,733)   | (68,600)  | (1,345,094) | (906,360)   | (4,336,696)  | (2,678,418)  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 5,409,955   | 1,980,358 | 2,851,444   | 1,928,020   | 25,463,115   | 16,108,815   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 7,390,313   | 1,980,358 | 47,038,417  | 44,186,973  | 140,121,781  | 114,658,666  |
| Redeemable Share Transactions                                                                                            |                |           |             |             |              |              |
| Balance - beginning of period                                                                                            | 140,056        | -         | 3,761,714   | 3,479,109   | 9,608,379    | 7,928,535    |
| Shares issued                                                                                                            | 430,541        | 140,350   | 518,828     | 925,749     | 3,524,261    | 3,760,626    |
| Shares issued on reinvestment of distributions                                                                           | 8,349          | 3,751     | 108,880     | 76,372      | 290,263      | 186,886      |
| Shares redeemed                                                                                                          | (75,474)       | (4,045)   | (744,570)   | (719,516)   | (2,648,683)  | (2,267,668)  |
| Balance - end of period                                                                                                  | 503,472        | 140,056   | 3,644,852   | 3,761,714   | 10,774,220   | 9,608,379    |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>14,283,443</b>   | (2,788,332)  |
| Adjustments for:                                                                                                         |                     |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(371,591)</b>    | (318,411)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(11,525,630)</b> | 8,312,963    |
| Non-cash income distributions from underlying funds                                                                      | <b>(4,254,265)</b>  | (6,841,904)  |
| Purchases of investments                                                                                                 | <b>(23,531,949)</b> | (30,446,832) |
| Proceeds from sale of investments                                                                                        | <b>13,808,123</b>   | 13,337,402   |
| Change in accrued interest                                                                                               | <b>5,455</b>        | (5,608)      |
| Change in distributions receivable from underlying funds                                                                 | <b>2,373</b>        | (2,373)      |
| Change in management fees payable                                                                                        | <b>13,688</b>       | 9,696        |
| Change in other payables and accrued expenses                                                                            | <b>8,171</b>        | (4,795)      |
| Change in income tax payable                                                                                             | <b>21,135</b>       | (33,686)     |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(11,541,047)</b> | (18,781,880) |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(716,479)</b>    | (403,630)    |
| Proceeds from redeemable shares issued                                                                                   | <b>45,230,234</b>   | 47,510,033   |
| Redemption of redeemable shares                                                                                          | <b>(33,446,333)</b> | (27,820,396) |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>11,067,422</b>   | 19,286,007   |
| Net increase (decrease) in cash                                                                                          | <b>(473,625)</b>    | 504,127      |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>574,280</b>      | 70,153       |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>100,655</b>      | 574,280      |
| Interest received                                                                                                        | <b>12,329</b>       | -            |
| Income taxes paid                                                                                                        | <b>(274,520)</b>    | (338,360)    |
| Interest paid                                                                                                            | <b>-</b>            | (1,911)      |

## Schedule of Investments

As at December 31, 2019

|                                               | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-----------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                           |                     |                      |                    |                          |
| Sun Life Granite Moderate Portfolio, Series I | 10,206,478          | 134,809,411          | 140,480,949        |                          |
|                                               |                     | <b>134,809,411</b>   | <b>140,480,949</b> | <b>100.26</b>            |
| <b>Total Investments</b>                      |                     | <b>134,809,411</b>   | <b>140,480,949</b> | <b>100.26</b>            |
| <b>Other Assets less Liabilities</b>          |                     |                      | <b>(359,168)</b>   | <b>(0.26)</b>            |
| <b>Total Net Assets</b>                       |                     |                      | <b>140,121,781</b> | <b>100.00</b>            |

## 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 8 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 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.

##### (ii) Interest rate risk

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

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

# Sun Life Granite Moderate Class (continued)

## (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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Exchange-Traded Funds</b>         |                              |                   |
| U.S. Equities                        | 9.0                          | 6.7               |
| <b>Mutual Funds</b>                  |                              |                   |
| Canadian Fixed Income                | 26.3                         | 25.2              |
| Tactical Balanced                    | 11.1                         | 9.4               |
| Canadian Equities                    | 8.9                          | 11.4              |
| International Equities               | 11.3                         | 9.5               |
| High Yield Fixed Income              | 1.0                          | 4.0               |
| Global Fixed Income                  | 1.4                          | 2.9               |
| U.S. Equities                        | 4.6                          | 6.6               |
| Global Equities                      | 3.7                          | 1.7               |
| Canadian Focused Equities            | 3.2                          | 3.5               |
| Real Estate Equities                 | -                            | 1.2               |
| Emerging Markets Bonds               | 4.7                          | -                 |
| U.S. Fixed Income                    | 6.0                          | 7.3               |
| Emerging Markets Equities            | 2.8                          | 2.6               |
| Canadian Money Market                | 1.2                          | 4.7               |
| Global Small/Mid Cap Equities        | 4.6                          | 2.7               |
| <b>Other Assets less Liabilities</b> | 0.2                          | 0.6               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$)  |
|--------------|-------------------|--------------|--------------|-------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 140,480,949       | -            | -            | 140,480,949 |

  

|              | December 31, 2018 |              |              | Total (\$)  |
|--------------|-------------------|--------------|--------------|-------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |             |
| Mutual Funds | 113,901,049       | -            | -            | 113,901,049 |

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held no seed positions in the Fund.

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | -                 | -                | -                  |

  

|            | December 31, 2018 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series FT5 | 10,001            | 10,586           | 345                |

## Interest in Underlying Funds

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 investors 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, 2019 and December 31, 2018, 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 Invesco Canadian Class

(formerly Sun Life Trimark Canadian Class)

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 659,316                   | 1,912,036                 |
| Cash                                                                                  | 6,713                     | -                         |
| Due from investment dealers                                                           | 2,253                     | -                         |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | -                         | 50                        |
|                                                                                       | <b>668,282</b>            | <b>1,912,086</b>          |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | 364                       |
| Accrued expenses                                                                      | 31                        | 46                        |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | -                         | 50                        |
| Management fees payable                                                               | 257                       | 180                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>288</b>                | <b>640</b>                |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>667,994</b>            | <b>1,911,446</b>          |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 326,479                   | 259,162                   |
| Series AT5                                                                            | 10,324                    | 8,768                     |
| Series F                                                                              | 10,895                    | 9,150                     |
| Series FT5                                                                            | 11,212                    | 9,417                     |
| Series I                                                                              | 298,182                   | 1,615,793                 |
| Series O                                                                              | 10,902                    | 9,156                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 8.89                      | 7.80                      |
| Series AT5                                                                            | 10.40                     | 9.56                      |
| Series F                                                                              | 9.37                      | 8.13                      |
| Series FT5                                                                            | 14.21                     | 12.92                     |
| Series I                                                                              | 9.97                      | 8.54                      |
| Series O                                                                              | 9.89                      | 8.49                      |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)   | 2018<br>(\$)     |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------|
| <b>Investment Income</b>                                                                                                                   |                |                  |
| Interest income                                                                                                                            | 26             | 147              |
| Distributions from underlying funds                                                                                                        | 15,198         | 40,495           |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                |                  |
| Net realized gain (loss) on sale of investments                                                                                            | 53,192         | 19,665           |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 189,271        | (267,763)        |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>257,687</b> | <b>(207,456)</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>257,687</b> | <b>(207,456)</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                |                  |
| Management fees                                                                                                                            | 7,075          | 7,003            |
| Fixed annual administration fees                                                                                                           | 1,248          | 1,634            |
| Independent review committee fees                                                                                                          | 2              | 33               |
| Total operating expenses                                                                                                                   | 8,325          | 8,670            |
| Fees waived/absorbed by the Manager                                                                                                        | -              | -                |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>249,362</b> | <b>(216,126)</b> |
| <b>Finance Cost</b>                                                                                                                        |                |                  |
| Interest expense                                                                                                                           | -              | -                |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>249,362</b> | <b>(216,126)</b> |
| Income taxes                                                                                                                               | -              | -                |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>249,362</b> | <b>(216,126)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                |                  |
| Series A                                                                                                                                   | 46,594         | (36,327)         |
| Series AT5                                                                                                                                 | 1,528          | (1,271)          |
| Series F                                                                                                                                   | 1,717          | (1,207)          |
| Series FT5                                                                                                                                 | 1,766          | (601)            |
| Series I                                                                                                                                   | 195,924        | (175,363)        |
| Series O                                                                                                                                   | 1,833          | (1,357)          |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                |                  |
| Series A                                                                                                                                   | 34,593         | 33,122           |
| Series AT5                                                                                                                                 | 944            | 867              |
| Series F                                                                                                                                   | 1,133          | 1,096            |
| Series FT5                                                                                                                                 | 750            | 694              |
| Series I                                                                                                                                   | 92,839         | 161,441          |
| Series O                                                                                                                                   | 1,081          | 1,875            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                |                  |
| Series A                                                                                                                                   | 1.35           | (1.10)           |
| Series AT5                                                                                                                                 | 1.62           | (1.47)           |
| Series F                                                                                                                                   | 1.52           | (1.10)           |
| Series FT5                                                                                                                                 | 2.35           | (0.87)           |
| Series I                                                                                                                                   | 2.11           | (1.09)           |
| Series O                                                                                                                                   | 1.70           | (0.72)           |

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

# Sun Life Invesco Canadian Class (continued)

(formerly Sun Life Trimark Canadian 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      |              | Series FT5    |              |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                                                                                                          | 2019              | 2018           | 2019          | 2018         | 2019          | 2018         | 2019          | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 259,162        | 248,357        | 8,768         | 10,012       | 9,150         | 10,329       | 9,417         | -            |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 46,594         | (36,327)       | 1,528         | (1,271)      | 1,717         | (1,207)      | 1,766         | (601)        |
| Redeemable Share Transactions                                                                                            |                   |                |               |              |               |              |               |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 34,307         | 140,922        | -             | 27           | -             | 28           | -             | 10,018       |
| Redemption of redeemable shares                                                                                          | \$ (13,916)       | (93,790)       | -             | -            | -             | -            | -             | -            |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 9,768          | 11,277         | 781           | 892          | 347           | 385          | 842           | 872          |
| Capitalized distributions                                                                                                | \$ -              | -              | -             | -            | -             | -            | -             | -            |
|                                                                                                                          | \$ 30,159         | 58,409         | 781           | 919          | 347           | 413          | 842           | 10,890       |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                |               |              |               |              |               |              |
| From capital gains                                                                                                       | \$ (2,009)        | (5,786)        | (67)          | (184)        | (71)          | (191)        | (73)          | (196)        |
| From net investment income                                                                                               | \$ (7,427)        | (5,491)        | (235)         | (186)        | (248)         | (194)        | (255)         | (199)        |
| Return of capital                                                                                                        | \$ -              | -              | (451)         | (522)        | -             | -            | (485)         | (477)        |
|                                                                                                                          | \$ (9,436)        | (11,277)       | (753)         | (892)        | (319)         | (385)        | (813)         | (872)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 67,317         | 10,805         | 1,556         | (1,244)      | 1,745         | (1,179)      | 1,795         | 9,417        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 326,479</b> | <b>259,162</b> | <b>10,324</b> | <b>8,768</b> | <b>10,895</b> | <b>9,150</b> | <b>11,212</b> | <b>9,417</b> |
| Redeemable Share Transactions                                                                                            |                   |                |               |              |               |              |               |              |
| Balance - beginning of period                                                                                            | 33,239            | 26,715         | 917           | 831          | 1,125         | 1,077        | 729           | -            |
| Shares issued                                                                                                            | 4,038             | 16,341         | -             | 3            | -             | 3            | -             | 667          |
| Shares issued on reinvestment of distributions                                                                           | 1,075             | 1,365          | 76            | 83           | 37            | 45           | 60            | 62           |
| Shares redeemed                                                                                                          | (1,610)           | (11,182)       | -             | -            | -             | -            | -             | -            |
| Balance - end of period                                                                                                  | <b>36,742</b>     | <b>33,239</b>  | <b>993</b>    | <b>917</b>   | <b>1,162</b>  | <b>1,125</b> | <b>789</b>    | <b>729</b>   |

  

|                                                                                                                          | Series I          |                  | Series O      |              | Total              |                  |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|---------------|--------------|--------------------|------------------|
|                                                                                                                          | 2019              | 2018             | 2019          | 2018         | 2019               | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 1,615,793      | 1,493,098        | 9,156         | 29,065       | <b>1,911,446</b>   | <b>1,790,861</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 195,924        | (175,363)        | 1,833         | (1,357)      | <b>249,362</b>     | <b>(216,126)</b> |
| Redeemable Share Transactions                                                                                            |                   |                  |               |              |                    |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 107,346        | 651,431          | -             | -            | 141,653            | 802,426          |
| Redemption of redeemable shares                                                                                          | \$ (1,620,881)    | (353,373)        | (87)          | (18,552)     | (1,634,884)        | (465,715)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 19,109         | 62,286           | 319           | 730          | 31,166             | 76,442           |
| Capitalized distributions                                                                                                | \$ -              | -                | -             | -            | -                  | -                |
|                                                                                                                          | \$ (1,494,426)    | 360,344          | 232           | (17,822)     | <b>(1,462,065)</b> | <b>413,153</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                   |                  |               |              |                    |                  |
| From capital gains                                                                                                       | \$ (12,324)       | (28,055)         | (71)          | (536)        | (14,615)           | (34,948)         |
| From net investment income                                                                                               | \$ (6,785)        | (34,231)         | (248)         | (194)        | (15,198)           | (40,495)         |
| Return of capital                                                                                                        | \$ -              | -                | -             | -            | (936)              | (999)            |
|                                                                                                                          | \$ (19,109)       | (62,286)         | (319)         | (730)        | <b>(30,749)</b>    | <b>(76,442)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ (1,317,611)    | 122,695          | 1,746         | (19,909)     | <b>(1,243,452)</b> | <b>120,585</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 298,182</b> | <b>1,615,793</b> | <b>10,902</b> | <b>9,156</b> | <b>667,994</b>     | <b>1,911,446</b> |
| Redeemable Share Transactions                                                                                            |                   |                  |               |              |                    |                  |
| Balance - beginning of period                                                                                            | 189,114           | 150,153          | 1,079         | 2,938        | <b>226,203</b>     | <b>181,714</b>   |
| Shares issued                                                                                                            | 11,337            | 69,410           | -             | -            | 15,375             | 86,424           |
| Shares issued on reinvestment of distributions                                                                           | 2,011             | 6,989            | 33            | 80           | 3,292              | 8,624            |
| Shares redeemed                                                                                                          | (172,563)         | (37,438)         | (9)           | (1,939)      | (174,182)          | (50,559)         |
| Balance - end of period                                                                                                  | <b>29,899</b>     | <b>189,114</b>   | <b>1,103</b>  | <b>1,079</b> | <b>70,688</b>      | <b>226,203</b>   |

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

# Sun Life Invesco Canadian Class (continued)

(formerly Sun Life Trimark Canadian Class)

## Statements of Cash Flows

For the periods ended December 31

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>249,362</b>     | (216,126)    |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(53,192)</b>    | (19,665)     |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(189,271)</b>   | 267,763      |
| Non-cash income distributions from underlying funds                                                                      | <b>(15,198)</b>    | (40,495)     |
| Purchases of investments                                                                                                 | <b>(134,767)</b>   | (773,692)    |
| Proceeds from sale of investments                                                                                        | <b>1,642,845</b>   | 446,091      |
| Change in accrued interest                                                                                               | -                  | -            |
| Change in distributions receivable from underlying funds                                                                 | -                  | -            |
| Change in management fees payable                                                                                        | <b>77</b>          | 31           |
| Change in other payables and accrued expenses                                                                            | <b>(15)</b>        | 8            |
| Change in income tax payable                                                                                             | -                  | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>1,499,841</b>   | (336,085)    |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>417</b>         | -            |
| Proceeds from redeemable shares issued                                                                                   | <b>141,703</b>     | 803,537      |
| Redemption of redeemable shares                                                                                          | <b>(1,634,884)</b> | (465,715)    |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>(1,492,764)</b> | 337,822      |
| Net increase (decrease) in cash                                                                                          | <b>7,077</b>       | 1,737        |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>(364)</b>       | (2,101)      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>6,713</b>       | (364)        |
| Interest received                                                                                                        | <b>26</b>          | 147          |
| Income taxes paid                                                                                                        | -                  | -            |
| Interest paid                                                                                                            | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                      | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|--------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                  |                     |                      |                    |                          |
| Invesco Canadian Fund,<br>Series I   | 44,276              | 587,146              | 659,316            |                          |
|                                      |                     | <b>587,146</b>       | <b>659,316</b>     | <b>98.70</b>             |
| <b>Total Investments</b>             |                     | <b>587,146</b>       | <b>659,316</b>     | <b>98.70</b>             |
| <b>Other Assets less Liabilities</b> |                     |                      | <b>8,678</b>       | <b>1.30</b>              |
| <b>Total Net Assets</b>              |                     |                      | <b>667,994</b>     | <b>100.00</b>            |

## Fund Specific Notes to the Financial Statements

### Financial Risk Management

The investment activities of the Sun Life Invesco 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 8 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 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.

##### (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 Invesco Canadian Class (continued)

(formerly Sun Life Trimark Canadian Class)

## (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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Equities</b>                      |                              |                   |
| Consumer Discretionary               | 7.9                          | 6.3               |
| Communication Services               | 2.1                          | -                 |
| Consumer Staples                     | 1.9                          | 4.0               |
| Energy                               | 8.0                          | 7.4               |
| Financials                           | 46.6                         | 50.3              |
| Health Care                          | 2.1                          | 2.8               |
| Industrials                          | 13.2                         | 12.8              |
| Information Technology               | 9.6                          | 10.4              |
| Materials                            | 5.1                          | 5.0               |
| <b>Other Assets less Liabilities</b> | 3.5                          | 1.0               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 659,316           | -            | -            | 659,316    |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

|            | December 31, 2019 |                   |
|------------|-------------------|-------------------|
|            | Shares            | Market Value (\$) |
| Series A   | 12,788            | 113,634           |
| Series AT5 | 993               | 10,324            |
| Series F   | 1,163             | 10,895            |
| Series FT5 | 789               | 11,212            |
| Series I   | 29,899            | 298,181           |
| Series O   | 1,103             | 10,902            |

|            | 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             |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

|            | December 31, 2019 |                  |                    |
|------------|-------------------|------------------|--------------------|
|            | Purchases (\$)    | Redemptions (\$) | Distributions (\$) |
| Series A   | 270               | -                | 3,327              |
| Series AT5 | 25                | -                | 753                |
| Series F   | 26                | -                | 318                |
| Series FT5 | 26                | -                | 812                |
| Series I   | -                 | -                | 8,699              |
| Series O   | -                 | 87               | 319                |

|            | 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                |

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

# Sun Life Invesco Canadian Class (continued)

(formerly Sun Life Trimark Canadian 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 investors 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, 2019 and December 31, 2018, 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          |

## Fund Name Change

Effective February 22, 2019, the Fund changed its name from the Sun Life Trimark Canadian Class to the Sun Life Invesco Canadian Class.

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

# Sun Life MFS Canadian Equity Growth Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>1,178,362</b>          | 893,827                   |
| Cash                                                                                  | <b>6,207</b>              | 3,877                     |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | -                         | -                         |
|                                                                                       | <b>1,184,569</b>          | 897,704                   |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>67</b>                 | 45                        |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | <b>209</b>                | 178                       |
| Management fees payable                                                               | <b>605</b>                | 402                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>881</b>                | 625                       |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>1,183,688</b>          | 897,079                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>757,034</b>            | 579,206                   |
| Series AT5                                                                            | <b>54,493</b>             | 88,298                    |
| Series F                                                                              | <b>199,665</b>            | 30,794                    |
| Series FT5                                                                            | <b>12,111</b>             | 9,955                     |
| Series O                                                                              | <b>160,385</b>            | 188,826                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>11.57</b>              | 10.30                     |
| Series AT5                                                                            | <b>12.55</b>              | 11.72                     |
| Series F                                                                              | <b>12.39</b>              | 10.91                     |
| Series FT5                                                                            | <b>14.90</b>              | 13.75                     |
| Series O                                                                              | <b>11.51</b>              | 10.05                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)   | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                |              |
| Interest income                                                                                                                            | <b>87</b>      | 32           |
| Distributions from underlying funds                                                                                                        | <b>26,310</b>  | 48,031       |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>28,231</b>  | 27,370       |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>153,501</b> | (138,918)    |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>208,129</b> | (63,485)     |
| <b>Total income (loss)</b>                                                                                                                 | <b>208,129</b> | (63,485)     |
| <b>Expenses (note 5)</b>                                                                                                                   |                |              |
| Management fees                                                                                                                            | <b>16,031</b>  | 13,870       |
| Fixed annual administration fees                                                                                                           | <b>1,786</b>   | 1,419        |
| Independent review committee fees                                                                                                          | <b>10</b>      | 14           |
| Total operating expenses                                                                                                                   | <b>17,827</b>  | 15,303       |
| Fees waived/absorbed by the Manager                                                                                                        | -              | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>190,302</b> | (78,788)     |
| <b>Finance Cost</b>                                                                                                                        |                |              |
| Interest expense                                                                                                                           | -              | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>190,302</b> | (78,788)     |
| Income taxes                                                                                                                               | -              | -            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>190,302</b> | (78,788)     |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                |              |
| Series A                                                                                                                                   | <b>119,906</b> | (51,557)     |
| Series AT5                                                                                                                                 | <b>16,125</b>  | (7,087)      |
| Series F                                                                                                                                   | <b>8,914</b>   | (2,382)      |
| Series FT5                                                                                                                                 | <b>2,123</b>   | (64)         |
| Series O                                                                                                                                   | <b>43,234</b>  | (17,698)     |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                |              |
| Series A                                                                                                                                   | <b>60,893</b>  | 48,897       |
| Series AT5                                                                                                                                 | <b>6,301</b>   | 8,818        |
| Series F                                                                                                                                   | <b>5,479</b>   | 2,376        |
| Series FT5                                                                                                                                 | <b>769</b>     | 691          |
| Series O                                                                                                                                   | <b>20,077</b>  | 12,160       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                |              |
| Series A                                                                                                                                   | <b>1.97</b>    | (1.05)       |
| Series AT5                                                                                                                                 | <b>2.56</b>    | (0.80)       |
| Series F                                                                                                                                   | <b>1.63</b>    | (1.00)       |
| Series FT5                                                                                                                                 | <b>2.76</b>    | (0.09)       |
| Series O                                                                                                                                   | <b>2.15</b>    | (1.46)       |

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

# Sun Life MFS Canadian Equity 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 F |         |
|--------------------------------------------------------------------------------------------------------------------------|--------------|-----------|------------|-----------|----------|---------|
|                                                                                                                          | 2019         | 2018      | 2019       | 2018      | 2019     | 2018    |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 579,206   | 582,644   | 88,298     | 227,746   | 30,794   | 26,072  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 119,906   | (51,557)  | 16,125     | (7,087)   | 8,914    | (2,382) |
| Redeemable Share Transactions                                                                                            |              |           |            |           |          |         |
| Proceeds from redeemable shares issued                                                                                   | \$ 172,927   | 236,921   | -          | 9         | 189,557  | 7,104   |
| Redemption of redeemable shares                                                                                          | \$ (115,697) | (188,802) | (50,000)   | (132,370) | (29,710) | -       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 45,474    | 20,045    | 8,966      | 9,313     | 6,031    | 1,007   |
| Capitalized distributions                                                                                                | \$ -         | -         | -          | -         | -        | -       |
|                                                                                                                          | \$ 102,704   | 68,164    | (41,034)   | (123,048) | 165,878  | 8,111   |
| Distributions to Holders of Redeemable Shares                                                                            |              |           |            |           |          |         |
| From capital gains                                                                                                       | \$ (27,955)  | (8,476)   | (4,147)    | (1,814)   | (1,484)  | (392)   |
| From net investment income                                                                                               | \$ (16,827)  | (11,569)  | (1,211)    | (1,764)   | (4,437)  | (615)   |
| Return of capital                                                                                                        | \$ -         | -         | (3,538)    | (5,735)   | -        | -       |
|                                                                                                                          | \$ (44,782)  | (20,045)  | (8,896)    | (9,313)   | (5,921)  | (1,007) |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 177,828   | (3,438)   | (33,805)   | (139,448) | 168,871  | 4,722   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 757,034   | 579,206   | 54,493     | 88,298    | 199,665  | 30,794  |
| Redeemable Share Transactions                                                                                            |              |           |            |           |          |         |
| Balance - beginning of period                                                                                            | 56,231       | 49,984    | 7,537      | 16,280    | 2,822    | 2,135   |
| Shares issued                                                                                                            | 15,383       | 21,088    | -          | 7         | 15,129   | 597     |
| Shares issued on reinvestment of distributions                                                                           | 4,033        | 1,886     | 723        | 725       | 487      | 90      |
| Shares redeemed                                                                                                          | (10,223)     | (16,727)  | (3,919)    | (9,475)   | (2,324)  | -       |
| Balance - end of period                                                                                                  | 65,424       | 56,231    | 4,341      | 7,537     | 16,114   | 2,822   |

  

|                                                                                                                          | Series FT5 |        | Series O  |          | Total     |           |
|--------------------------------------------------------------------------------------------------------------------------|------------|--------|-----------|----------|-----------|-----------|
|                                                                                                                          | 2019       | 2018   | 2019      | 2018     | 2019      | 2018      |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 9,955   | -      | 188,826   | 94,379   | 897,079   | 930,841   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,123   | (64)   | 43,234    | (17,698) | 190,302   | (78,788)  |
| Redeemable Share Transactions                                                                                            |            |        |           |          |           |           |
| Proceeds from redeemable shares issued                                                                                   | \$ -       | 10,019 | 29,786    | 135,059  | 392,270   | 389,112   |
| Redemption of redeemable shares                                                                                          | \$ -       | -      | (101,462) | (22,914) | (296,869) | (344,086) |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,300   | 835    | 12,755    | 5,127    | 74,526    | 36,327    |
| Capitalized distributions                                                                                                | \$ -       | -      | -         | -        | -         | -         |
|                                                                                                                          | \$ 1,300   | 10,854 | (58,921)  | 117,272  | 169,927   | 81,353    |
| Distributions to Holders of Redeemable Shares                                                                            |            |        |           |          |           |           |
| From capital gains                                                                                                       | \$ (468)   | (161)  | (9,187)   | (1,352)  | (43,241)  | (12,195)  |
| From net investment income                                                                                               | \$ (269)   | (199)  | (3,567)   | (3,775)  | (26,311)  | (17,922)  |
| Return of capital                                                                                                        | \$ (530)   | (475)  | -         | -        | (4,068)   | (6,210)   |
|                                                                                                                          | \$ (1,267) | (835)  | (12,754)  | (5,127)  | (73,620)  | (36,327)  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,156   | 9,955  | (28,441)  | 94,447   | 286,609   | (33,762)  |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ 12,111  | 9,955  | 160,385   | 188,826  | 1,183,688 | 897,079   |
| Redeemable Share Transactions                                                                                            |            |        |           |          |           |           |
| Balance - beginning of period                                                                                            | 724        | -      | 18,797    | 8,471    | 86,111    | 76,870    |
| Shares issued                                                                                                            | -          | 667    | 2,645     | 11,933   | 33,157    | 34,292    |
| Shares issued on reinvestment of distributions                                                                           | 89         | 57     | 1,176     | 504      | 6,508     | 3,262     |
| Shares redeemed                                                                                                          | -          | -      | (8,686)   | (2,111)  | (25,152)  | (28,313)  |
| Balance - end of period                                                                                                  | 813        | 724    | 13,932    | 18,797   | 100,624   | 86,111    |

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

# Sun Life MFS Canadian Equity Growth Class (continued)

## Statements of Cash Flows

For the periods ended December 31

|                                                                                                                          | 2019<br>(\$)    | 2018<br>(\$)    |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                 |                 |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | 190,302         | (78,788)        |
| Adjustments for:                                                                                                         |                 |                 |
| Net realized (gain) loss on sale of investments                                                                          | (28,231)        | (27,370)        |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | (153,501)       | 138,918         |
| Non-cash income distributions from underlying funds                                                                      | (26,310)        | (48,031)        |
| Purchases of investments                                                                                                 | (353,723)       | (310,320)       |
| Proceeds from sale of investments                                                                                        | 277,261         | 297,911         |
| Change in accrued interest                                                                                               | -               | -               |
| Change in distributions receivable from underlying funds                                                                 | -               | -               |
| Change in management fees payable                                                                                        | 203             | (47)            |
| Change in other payables and accrued expenses                                                                            | 22              | 4               |
| Change in income tax payable                                                                                             | -               | -               |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(93,977)</b> | <b>(27,723)</b> |
| <b>Cash Flows from Financing Activities</b>                                                                              |                 |                 |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | 906             | -               |
| Proceeds from redeemable shares issued                                                                                   | 392,270         | 389,195         |
| Redemption of redeemable shares                                                                                          | (296,869)       | (344,086)       |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>96,307</b>   | <b>45,109</b>   |
| Net increase (decrease) in cash                                                                                          | 2,330           | 17,386          |
| Cash (bank indebtedness) at beginning of period                                                                          | 3,877           | (13,509)        |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>6,207</b>    | <b>3,877</b>    |
| Interest received                                                                                                        | 87              | 32              |
| Income taxes paid                                                                                                        | -               | -               |
| Interest paid                                                                                                            | -               | -               |

## Schedule of Investments

As at December 31, 2019

|                                                    | Number of Shares | Average Cost (\$) | Fair Value (\$)  | % of Total Net Assets |
|----------------------------------------------------|------------------|-------------------|------------------|-----------------------|
| <b>MUTUAL FUNDS</b>                                |                  |                   |                  |                       |
| Sun Life MFS Canadian Equity Growth Fund, Series I | 20,303           | 1,061,681         | 1,178,362        |                       |
|                                                    |                  | <b>1,061,681</b>  | <b>1,178,362</b> | <b>99.55</b>          |
| <b>Total Investments</b>                           |                  | <b>1,061,681</b>  | <b>1,178,362</b> | <b>99.55</b>          |
| <b>Other Assets less Liabilities</b>               |                  |                   | <b>5,326</b>     | <b>0.45</b>           |
| <b>Total Net Assets</b>                            |                  |                   | <b>1,183,688</b> | <b>100.00</b>         |

## Fund Specific Notes to the Financial Statements

### Financial Risk Management

The investment activities of the Sun Life MFS Canadian Equity 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 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 8 to the financial statements.

### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 1.05                         | 1.20              |
| AA/Aa        | 0.30                         | 0.77              |
| <b>Total</b> | <b>1.35</b>                  | <b>1.97</b>       |

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)

## (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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|----------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                      | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| United States Dollar | 166,853                                            | 14.10                              | 125,977                                            | 14.04                              |
| Euro                 | 62,394                                             | 5.27                               | 45,204                                             | 5.04                               |
| Swiss Franc          | 23,904                                             | 2.02                               | 18,606                                             | 2.07                               |
| British Pound        | 19,893                                             | 1.68                               | 16,879                                             | 1.88                               |
| Japanese Yen         | 15,245                                             | 1.29                               | 11,810                                             | 1.32                               |
| Hong Kong Dollar     | 7,879                                              | 0.67                               | 6,067                                              | 0.68                               |
| Australian Dollar    | 2,507                                              | 0.21                               | 3,001                                              | 0.33                               |
| Singapore Dollar     | 2,495                                              | 0.21                               | 1,969                                              | 0.22                               |
| Korean Won           | 2,291                                              | 0.19                               | 1,055                                              | 0.12                               |
| Mexican Peso         | 2,012                                              | 0.17                               | 1,796                                              | 0.20                               |
| Indian Rupee         | 1,893                                              | 0.16                               | (7)                                                | -                                  |
| Danish Krone         | 1,668                                              | 0.14                               | 1,164                                              | 0.13                               |
| Czech Koruna         | 441                                                | 0.04                               | 404                                                | 0.05                               |
| New Taiwan Dollar    | 502                                                | 0.04                               | 591                                                | 0.07                               |
| <b>Total</b>         | <b>309,977</b>                                     | <b>26.19</b>                       | <b>234,516</b>                                     | <b>26.15</b>                       |

As at December 31, 2019, 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 \$15,499 (\$11,726 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 16,060                   | -                 | -                         | 16,060        |
| December 31, 2018 | 17,638                   | -                 | -                         | 17,638        |

As at December 31, 2019, 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 (\$10 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$58,115 (\$43,857 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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:

|                                      | Percentage of Net Assets (%) |                   |
|--------------------------------------|------------------------------|-------------------|
|                                      | December 31, 2019            | December 31, 2018 |
| <b>Portfolio by Category</b>         |                              |                   |
| <b>Short-Term Investments</b>        |                              |                   |
| Treasury Bills                       | 1.0                          | 0.5               |
| Promissory Note                      | 0.1                          | 1.5               |
| <b>Equities</b>                      |                              |                   |
| Communication Services               | 6.1                          | 6.5               |
| Consumer Discretionary               | 5.1                          | 4.9               |
| Consumer Staples                     | 8.4                          | 8.2               |
| Energy                               | 12.5                         | 13.5              |
| Financials                           | 23.6                         | 24.4              |
| Health Care                          | 4.1                          | 4.1               |
| Industrials                          | 14.0                         | 14.4              |
| Information Technology               | 12.3                         | 10.6              |
| Materials                            | 10.2                         | 10.2              |
| Real Estate                          | 1.4                          | 0.8               |
| Utilities                            | 0.8                          | 0.1               |
| <b>Other Assets less Liabilities</b> | <b>0.4</b>                   | <b>0.3</b>        |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

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

# Sun Life MFS Canadian Equity 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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 1,178,362    | -            | -            | 1,178,362  |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series A          | 18,683 | 216,176           |
| Series AT5        | 1,241  | 15,583            |
| Series F          | -      | -                 |
| Series FT5        | 813    | 12,111            |

  

| 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             |

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series A          | 516            | -                | 13,241             |
| Series AT5        | 37             | -                | 1,645              |
| Series F          | 63             | 29,710           | 1,139              |
| Series FT5        | 29             | -                | 1,268              |
| Series O          | -              | -                | -                  |

  

| 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                |

## 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 investors 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, 2019 and December 31, 2018, 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 MFS Dividend Income Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>29,905,322</b>         | 23,310,995                |
| Cash                                                                                  | <b>216,789</b>            | 15,917                    |
| Due from investment dealers                                                           | <b>1,377</b>              | -                         |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>195</b>                | 4,880                     |
|                                                                                       | <b>30,123,683</b>         | 23,331,792                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>166</b>                | 120                       |
| Redemptions payable                                                                   | <b>377</b>                | -                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | <b>220</b>                | 4,129                     |
| Management fees payable                                                               | <b>1,181</b>              | 950                       |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>1,944</b>              | 5,199                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>30,121,739</b>         | 23,326,593                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>1,726,426</b>          | 1,611,345                 |
| Series AT5                                                                            | <b>25,897</b>             | 16,426                    |
| Series F                                                                              | <b>337,216</b>            | 189,663                   |
| Series FT5                                                                            | <b>11,960</b>             | 9,917                     |
| Series I                                                                              | <b>27,072,554</b>         | 20,874,355                |
| Series O                                                                              | <b>947,686</b>            | 624,887                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>12.08</b>              | 10.66                     |
| Series AT5                                                                            | <b>13.15</b>              | 12.15                     |
| Series F                                                                              | <b>12.94</b>              | 11.29                     |
| Series FT5                                                                            | <b>14.95</b>              | 13.65                     |
| Series I                                                                              | <b>10.99</b>              | 9.50                      |
| Series O                                                                              | <b>11.65</b>              | 10.08                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                  |              |
| Interest income                                                                                                                            | <b>1,483</b>     | 140          |
| Distributions from underlying funds                                                                                                        | <b>1,379,807</b> | 1,047,436    |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>135,200</b>   | 95,994       |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>3,569,551</b> | (2,652,315)  |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>5,086,041</b> | (1,508,745)  |
| <b>Total income (loss)</b>                                                                                                                 | <b>5,086,041</b> | (1,508,745)  |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |              |
| Management fees                                                                                                                            | <b>34,032</b>    | 37,056       |
| Fixed annual administration fees                                                                                                           | <b>4,559</b>     | 4,952        |
| Independent review committee fees                                                                                                          | <b>34</b>        | 57           |
| Total operating expenses                                                                                                                   | <b>38,625</b>    | 42,065       |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>5,047,416</b> | (1,550,810)  |
| <b>Finance Cost</b>                                                                                                                        |                  |              |
| Interest expense                                                                                                                           | -                | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>5,047,416</b> | (1,550,810)  |
| Income taxes                                                                                                                               | -                | -            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>5,047,416</b> | (1,550,810)  |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |              |
| Series A                                                                                                                                   | <b>292,880</b>   | (135,382)    |
| Series AT5                                                                                                                                 | <b>3,424</b>     | (2,382)      |
| Series F                                                                                                                                   | <b>41,793</b>    | (13,222)     |
| Series FT5                                                                                                                                 | <b>2,011</b>     | (101)        |
| Series I                                                                                                                                   | <b>4,566,760</b> | (1,345,558)  |
| Series O                                                                                                                                   | <b>140,548</b>   | (54,165)     |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |              |
| Series A                                                                                                                                   | <b>140,874</b>   | 156,307      |
| Series AT5                                                                                                                                 | <b>1,628</b>     | 1,832        |
| Series F                                                                                                                                   | <b>18,380</b>    | 18,042       |
| Series FT5                                                                                                                                 | <b>751</b>       | 686          |
| Series I                                                                                                                                   | <b>2,320,414</b> | 1,752,526    |
| Series O                                                                                                                                   | <b>70,840</b>    | 81,304       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |              |
| Series A                                                                                                                                   | <b>2.08</b>      | (0.87)       |
| Series AT5                                                                                                                                 | <b>2.10</b>      | (1.30)       |
| Series F                                                                                                                                   | <b>2.27</b>      | (0.73)       |
| Series FT5                                                                                                                                 | <b>2.68</b>      | (0.15)       |
| Series I                                                                                                                                   | <b>1.97</b>      | (0.77)       |
| Series O                                                                                                                                   | <b>1.98</b>      | (0.67)       |

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    |              |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|---------------|---------------|----------------|----------------|---------------|--------------|
|                                                                                                                          | 2019                | 2018             | 2019          | 2018          | 2019           | 2018           | 2019          | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 1,611,345        | 1,862,308        | 16,426        | 46,834        | 189,663        | 148,132        | 9,917         | -            |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 292,880          | (135,382)        | 3,424         | (2,382)       | 41,793         | (13,222)       | 2,011         | (101)        |
| Redeemable Share Transactions                                                                                            |                     |                  |               |               |                |                |               |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 352,609          | 337,795          | 6,000         | 6,045         | 125,898        | 106,978        | -             | 10,018       |
| Redemption of redeemable shares                                                                                          | \$ (530,880)        | (453,122)        | -             | (34,071)      | (20,262)       | (52,225)       | -             | -            |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 82,945           | 62,643           | 2,201         | 2,060         | 14,633         | 7,606          | 1,104         | 853          |
| Capitalized distributions                                                                                                | \$ -                | -                | -             | -             | -              | -              | -             | -            |
|                                                                                                                          | \$ (95,326)         | (52,684)         | 8,201         | (25,966)      | 120,269        | 62,359         | 1,104         | 10,871       |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |               |               |                |                |               |              |
| From capital gains                                                                                                       | \$ (21,264)         | (12,983)         | (236)         | (335)         | (2,569)        | (1,731)        | (135)         | (75)         |
| From net investment income                                                                                               | \$ (61,209)         | (49,914)         | (918)         | (508)         | (11,940)       | (5,875)        | (424)         | (307)        |
| Return of capital                                                                                                        | \$ -                | -                | (1,000)       | (1,217)       | -              | -              | (513)         | (471)        |
|                                                                                                                          | \$ (82,473)         | (62,897)         | (2,154)       | (2,060)       | (14,509)       | (7,606)        | (1,072)       | (853)        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 115,081          | (250,963)        | 9,471         | (30,408)      | 147,553        | 41,531         | 2,043         | 9,917        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 1,726,426</b> | <b>1,611,345</b> | <b>25,897</b> | <b>16,426</b> | <b>337,216</b> | <b>189,663</b> | <b>11,960</b> | <b>9,917</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |               |               |                |                |               |              |
| Balance - beginning of period                                                                                            | 151,155             | 154,652          | 1,352         | 3,234         | 16,796         | 11,740         | 726           | -            |
| Shares issued                                                                                                            | 29,380              | 29,130           | 454           | 440           | 9,740          | 8,624          | -             | 667          |
| Shares issued on reinvestment of distributions                                                                           | 6,874               | 5,753            | 163           | 155           | 1,129          | 664            | 74            | 59           |
| Shares redeemed                                                                                                          | (44,520)            | (38,380)         | -             | (2,477)       | (1,603)        | (4,232)        | -             | -            |
| Balance - end of period                                                                                                  | <b>142,889</b>      | <b>151,155</b>   | <b>1,969</b>  | <b>1,352</b>  | <b>26,062</b>  | <b>16,796</b>  | <b>800</b>    | <b>726</b>   |

  

|                                                                                                                          | Series I             |                   | Series O       |                | Total              |                    |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------|----------------|--------------------|--------------------|
|                                                                                                                          | 2019                 | 2018              | 2019           | 2018           | 2019               | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 20,874,355        | 13,300,051        | 624,887        | 1,198,152      | <b>23,326,593</b>  | <b>16,555,477</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 4,566,760         | (1,345,558)       | 140,548        | (54,165)       | <b>5,047,416</b>   | <b>(1,550,810)</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                    |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 4,138,833         | 10,804,737        | 355,194        | 82,541         | 4,978,534          | 11,348,114         |
| Redemption of redeemable shares                                                                                          | \$ (2,507,394)       | (1,884,875)       | (172,942)      | (601,641)      | (3,231,478)        | (3,025,934)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,243,030         | 747,465           | 41,965         | 27,360         | 1,385,878          | 847,987            |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -              | -              | -                  | -                  |
|                                                                                                                          | \$ 2,874,469         | 9,667,327         | 224,217        | (491,740)      | <b>3,132,934</b>   | <b>9,170,167</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                |                |                    |                    |
| From capital gains                                                                                                       | \$ (283,234)         | (100,987)         | (8,279)        | (7,988)        | (315,717)          | (124,099)          |
| From net investment income                                                                                               | \$ (959,796)         | (646,478)         | (33,687)       | (19,372)       | (1,067,974)        | (722,454)          |
| Return of capital                                                                                                        | \$ -                 | -                 | -              | -              | (1,513)            | (1,688)            |
|                                                                                                                          | \$ (1,243,030)       | (747,465)         | (41,966)       | (27,360)       | <b>(1,385,204)</b> | <b>(848,241)</b>   |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 6,198,199         | 7,574,304         | 322,799        | (573,265)      | <b>6,795,146</b>   | <b>6,771,116</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 27,072,554</b> | <b>20,874,355</b> | <b>947,686</b> | <b>624,887</b> | <b>30,121,739</b>  | <b>23,326,593</b>  |
| Redeemable Share Transactions                                                                                            |                      |                   |                |                |                    |                    |
| Balance - beginning of period                                                                                            | 2,197,413            | 1,265,273         | 61,964         | 107,194        | <b>2,429,406</b>   | <b>1,542,093</b>   |
| Shares issued                                                                                                            | 386,376              | 1,035,543         | 31,031         | 7,437          | 456,981            | 1,081,841          |
| Shares issued on reinvestment of distributions                                                                           | 114,275              | 78,097            | 3,634          | 2,668          | 126,149            | 87,396             |
| Shares redeemed                                                                                                          | (234,715)            | (181,500)         | (15,269)       | (55,335)       | (296,107)          | (281,924)          |
| Balance - end of period                                                                                                  | <b>2,463,349</b>     | <b>2,197,413</b>  | <b>81,360</b>  | <b>61,964</b>  | <b>2,716,429</b>   | <b>2,429,406</b>   |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>5,047,416</b>   | (1,550,810)  |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(135,200)</b>   | (95,994)     |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(3,569,551)</b> | 2,652,315    |
| Non-cash income distributions from underlying funds                                                                      | <b>(1,379,807)</b> | (1,047,436)  |
| Purchases of investments                                                                                                 | <b>(4,371,257)</b> | (10,834,349) |
| Proceeds from sale of investments                                                                                        | <b>2,856,202</b>   | 2,481,357    |
| Change in accrued interest                                                                                               | -                  | -            |
| Change in distributions receivable from underlying funds                                                                 | -                  | -            |
| Change in management fees payable                                                                                        | <b>231</b>         | 1            |
| Change in other payables and accrued expenses                                                                            | <b>46</b>          | (21)         |
| Change in income tax payable                                                                                             | -                  | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(1,551,920)</b> | (8,394,937)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>674</b>         | (254)        |
| Proceeds from redeemable shares issued                                                                                   | <b>4,983,219</b>   | 11,466,133   |
| Redemption of redeemable shares                                                                                          | <b>(3,231,101)</b> | (3,028,434)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>1,752,792</b>   | 8,437,445    |
| Net increase (decrease) in cash                                                                                          | <b>200,872</b>     | 42,508       |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>15,917</b>      | (26,591)     |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>216,789</b>     | 15,917       |
| Interest received                                                                                                        | <b>1,483</b>       | 140          |
| Income taxes paid                                                                                                        | -                  | -            |
| Interest paid                                                                                                            | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                             | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|---------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                         |                     |                      |                    |                          |
| Sun Life MFS Dividend Income Fund, Series I | 2,126,177           | 27,714,791           | 29,905,322         |                          |
|                                             | <b>27,714,791</b>   | <b>29,905,322</b>    | <b>99.28</b>       |                          |
| <b>Total Investments</b>                    | <b>27,714,791</b>   | <b>29,905,322</b>    | <b>99.28</b>       |                          |
| <b>Other Assets less Liabilities</b>        |                     | <b>216,417</b>       | <b>0.72</b>        |                          |
| <b>Total Net Assets</b>                     |                     | <b>30,121,739</b>    | <b>100.00</b>      |                          |

## 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 8 to the financial statements.

### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 1.13                         | 1.37              |
| Not Rated    | 0.26                         | -                 |
| <b>Total</b> | <b>1.39</b>                  | <b>1.37</b>       |

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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|----------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                      | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| United States Dollar | 3,041,830                                          | 10.10                              | 2,946,778                                          | 12.63                              |
| Euro                 | 917,206                                            | 3.04                               | 1,126,569                                          | 4.83                               |
| Swiss Franc          | 859,427                                            | 2.85                               | 536,454                                            | 2.30                               |
| Japanese Yen         | 787,961                                            | 2.62                               | -                                                  | -                                  |
| British Pound        | 501,787                                            | 1.67                               | 537,367                                            | 2.30                               |
| Danish Krone         | 2,035                                              | 0.01                               | -                                                  | -                                  |
| South African Rand   | -                                                  | -                                  | 134,769                                            | 0.58                               |
| Norwegian Krone      | -                                                  | -                                  | -                                                  | -                                  |
| Hong Kong Dollar     | -                                                  | -                                  | -                                                  | -                                  |
| <b>Total</b>         | <b>6,110,246</b>                                   | <b>20.29</b>                       | <b>5,281,937</b>                                   | <b>22.64</b>                       |

As at December 31, 2019, 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 \$305,512 (\$264,097 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 336,919                  | -                 | -                         | 336,919       |
| December 31, 2018 | 319,721                  | -                 | -                         | 319,721       |

As at December 31, 2019, 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 \$514 (\$111 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$1,467,809 (\$1,142,366 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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:

|                                      | Percentage of Net Assets (%) |                      |
|--------------------------------------|------------------------------|----------------------|
|                                      | December 31,<br>2019         | December 31,<br>2018 |
| <b>Portfolio by Category</b>         |                              |                      |
| <b>Short-Term Investments</b>        |                              |                      |
| Treasury Bills                       | 1.1                          | 1.4                  |
| <b>Equities</b>                      |                              |                      |
| Energy                               | 19.4                         | 18.7                 |
| Materials                            | 6.7                          | 9.9                  |
| Industrials                          | 9.1                          | 11.0                 |
| Consumer Discretionary               | 5.2                          | 5.4                  |
| Consumer Staples                     | 2.2                          | 5.2                  |
| Health Care                          | 3.8                          | -                    |
| Financials                           | 33.6                         | 29.7                 |
| Real Estate                          | 4.0                          | 4.0                  |
| Information Technology               | 3.0                          | 1.6                  |
| Communication Services               | 4.1                          | 5.5                  |
| Utilities                            | 7.0                          | 7.0                  |
| <b>Other Assets less Liabilities</b> | <b>0.8</b>                   | <b>0.6</b>           |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>         |

*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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 29,905,322   | -            | -            | 29,905,322 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series AT5        | 1,149  | 15,115            |
| Series FT5        | 800    | 11,959            |
| Series I          | 1,187  | 13,048            |

  

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series AT5        | 36             | -                | 1,363              |
| Series F          | -              | -                | -                  |
| Series FT5        | 28             | -                | 1,072              |
| Series I          | -              | -                | 609                |

  

| 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                |

## 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 investors 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, 2019 and December 31, 2018, the Fund had significant interests in the Underlying Fund as noted in the following tables:

| As at December 31, 2019                     |                              |                                      |
|---------------------------------------------|------------------------------|--------------------------------------|
| Underlying Fund                             | Percentage of Net Assets (%) | Percentage of Ownership Interest (%) |
| Sun Life MFS Dividend Income Fund, Series I | 99                           | 56                                   |

  

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

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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 33,085,320                | 20,250,777                |
| Cash                                                                                  | 147,139                   | 48,029                    |
| Due from investment dealers                                                           | -                         | 6,381                     |
| Accrued interest                                                                      | 709                       | 1,484                     |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 1,862                     | 8,263                     |
|                                                                                       | 33,235,030                | 20,314,934                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 1,837                     | 1,002                     |
| Redemptions payable                                                                   | 2,246                     | 1,000                     |
| Distributions payable                                                                 | 420                       | -                         |
| Due to investment dealers                                                             | 71,575                    | 3,104                     |
| Management fees payable                                                               | 13,295                    | 7,112                     |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | 89,373                    | 12,218                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>33,145,657</b>         | <b>20,302,716</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 12,951,606                | 8,792,797                 |
| Series AT5                                                                            | 1,713,665                 | 815,624                   |
| Series AT8                                                                            | 699,446                   | 538,916                   |
| Series F                                                                              | 8,086,321                 | 3,330,919                 |
| Series FT5                                                                            | 666,780                   | 10,506                    |
| Series FT8                                                                            | 355,252                   | 148,277                   |
| Series O                                                                              | 8,672,587                 | 6,665,677                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 20.52                     | 16.57                     |
| Series AT5                                                                            | 22.54                     | 19.05                     |
| Series AT8                                                                            | 18.57                     | 16.15                     |
| Series F                                                                              | 21.74                     | 17.36                     |
| Series FT5                                                                            | 17.75                     | 14.83                     |
| Series FT8                                                                            | 16.80                     | 14.43                     |
| Series O                                                                              | 19.80                     | 15.67                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| "signed" Jordy Chilcott | "signed" Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)   |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| <b>Investment Income</b>                                                                                                                   |                  |                |
| Interest income                                                                                                                            | 5,123            | 2,125          |
| Distributions from underlying funds                                                                                                        | 563,787          | 658,065        |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                |
| Net realized gain (loss) on sale of investments                                                                                            | 389,486          | 386,788        |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 5,911,683        | (601,943)      |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>6,870,079</b> | <b>445,035</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>6,870,079</b> | <b>445,035</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                |
| Management fees                                                                                                                            | 324,251          | 206,490        |
| Fixed annual administration fees                                                                                                           | 44,891           | 29,845         |
| Independent review committee fees                                                                                                          | 299              | 330            |
| Total operating expenses                                                                                                                   | 369,441          | 236,665        |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -              |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>6,500,638</b> | <b>208,370</b> |
| <b>Finance Cost</b>                                                                                                                        |                  |                |
| Interest expense                                                                                                                           | -                | -              |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>6,500,638</b> | <b>208,370</b> |
| Income taxes                                                                                                                               | -                | -              |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>6,500,638</b> | <b>208,370</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                |
| Series A                                                                                                                                   | 2,595,084        | 14,915         |
| Series AT5                                                                                                                                 | 271,842          | 7,032          |
| Series AT8                                                                                                                                 | 165,708          | 4,906          |
| Series F                                                                                                                                   | 1,280,367        | (21,859)       |
| Series FT5                                                                                                                                 | 108,733          | 487            |
| Series FT8                                                                                                                                 | 67,577           | (6,373)        |
| Series O                                                                                                                                   | 2,011,327        | 209,262        |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                |
| Series A                                                                                                                                   | 588,879          | 436,089        |
| Series AT5                                                                                                                                 | 59,037           | 38,071         |
| Series AT8                                                                                                                                 | 39,588           | 30,097         |
| Series F                                                                                                                                   | 266,203          | 138,709        |
| Series FT5                                                                                                                                 | 31,635           | 690            |
| Series FT8                                                                                                                                 | 16,717           | 4,872          |
| Series O                                                                                                                                   | 436,064          | 397,302        |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                |
| Series A                                                                                                                                   | 4.41             | 0.03           |
| Series AT5                                                                                                                                 | 4.60             | 0.18           |
| Series AT8                                                                                                                                 | 4.19             | 0.16           |
| Series F                                                                                                                                   | 4.81             | (0.16)         |
| Series FT5                                                                                                                                 | 3.44             | 0.71           |
| Series FT8                                                                                                                                 | 4.04             | (1.31)         |
| Series O                                                                                                                                   | 4.61             | 0.53           |

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         |                  |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|------------------|----------------|----------------|----------------|------------------|------------------|
|                                                                                                                          | 2019                 | 2018             | 2019             | 2018           | 2019           | 2018           | 2019             | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 8,792,797         | 5,566,097        | 815,624          | 692,603        | 538,916        | 397,343        | 3,330,919        | 1,449,702        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,595,084         | 14,915           | 271,842          | 7,032          | 165,708        | 4,906          | 1,280,367        | (21,859)         |
| Redeemable Share Transactions                                                                                            |                      |                  |                  |                |                |                |                  |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 4,324,611         | 5,173,388        | 889,006          | 175,050        | 290,928        | 265,664        | 4,429,043        | 2,130,858        |
| Redemption of redeemable shares                                                                                          | \$ (2,762,256)       | (1,961,603)      | (224,880)        | (46,691)       | (230,395)      | (81,595)       | (949,535)        | (224,547)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 274,342           | 92,780           | 43,104           | 36,402         | 5,959          | 2,332          | 109,816          | 21,642           |
| Capitalized distributions                                                                                                | \$ -                 | -                | -                | -              | -              | -              | -                | -                |
|                                                                                                                          | \$ 1,836,697         | 3,304,565        | 707,230          | 164,761        | 66,492         | 186,401        | 3,589,324        | 1,927,953        |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                  |                  |                |                |                |                  |                  |
| From capital gains                                                                                                       | \$ (272,777)         | (92,587)         | (24,218)         | (10,573)       | (20,035)       | (6,983)        | (114,167)        | (24,804)         |
| From net investment income                                                                                               | \$ (195)             | (193)            | (26)             | (18)           | (11)           | (11)           | (122)            | (73)             |
| Return of capital                                                                                                        | \$ -                 | -                | (56,787)         | (38,181)       | (51,624)       | (42,740)       | -                | -                |
|                                                                                                                          | \$ (272,972)         | (92,780)         | (81,031)         | (48,772)       | (71,670)       | (49,734)       | (114,289)        | (24,877)         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 4,158,809         | 3,226,700        | 898,041          | 123,021        | 160,530        | 141,573        | 4,755,402        | 1,881,217        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 12,951,606</b> | <b>8,792,797</b> | <b>1,713,665</b> | <b>815,624</b> | <b>699,446</b> | <b>538,916</b> | <b>8,086,321</b> | <b>3,330,919</b> |
| Redeemable Share Transactions                                                                                            |                      |                  |                  |                |                |                |                  |                  |
| Balance - beginning of period                                                                                            | 530,625              | 338,085          | 42,809           | 34,824         | 33,367         | 22,853         | 191,838          | 84,977           |
| Shares issued                                                                                                            | 232,281              | 301,845          | 41,596           | 8,509          | 16,996         | 15,207         | 223,710          | 118,053          |
| Shares issued on reinvestment of distributions                                                                           | 15,526               | 5,459            | 2,039            | 1,768          | 336            | 123            | 5,792            | 1,131            |
| Shares redeemed                                                                                                          | (147,156)            | (114,764)        | (10,406)         | (2,292)        | (13,036)       | (4,816)        | (49,327)         | (12,323)         |
| Balance - end of period                                                                                                  | <b>631,276</b>       | <b>530,625</b>   | <b>76,038</b>    | <b>42,809</b>  | <b>37,663</b>  | <b>33,367</b>  | <b>372,013</b>   | <b>191,838</b>   |

  

|                                                                                                                          | Series FT5        |               | Series FT8     |                | Series O         |                  | Total             |                   |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|---------------|----------------|----------------|------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019              | 2018          | 2019           | 2018           | 2019             | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 10,506         | -             | 148,277        | -              | 6,665,677        | 5,678,622        | <b>20,302,716</b> | <b>13,784,367</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 108,733        | 487           | 67,577         | (6,373)        | 2,011,327        | 209,262          | <b>6,500,638</b>  | <b>208,370</b>    |
| Redeemable Share Transactions                                                                                            |                   |               |                |                |                  |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ 576,142        | 10,019        | 198,272        | 170,382        | 1,313,729        | 2,132,428        | 12,021,731        | 10,057,789        |
| Redemption of redeemable shares                                                                                          | \$ (9,165)        | -             | (32,741)       | (10,668)       | (1,318,145)      | (1,354,628)      | (5,527,117)       | (3,679,732)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 6,398          | 630           | 122            | 891            | 200,208          | 81,938           | 639,949           | 236,615           |
| Capitalized distributions                                                                                                | \$ -              | -             | -              | -              | -                | -                | -                 | -                 |
|                                                                                                                          | \$ 573,375        | 10,649        | 165,653        | 160,605        | 195,792          | 859,738          | <b>7,134,563</b>  | <b>6,614,672</b>  |
| Distributions to Holders of Redeemable Shares                                                                            |                   |               |                |                |                  |                  |                   |                   |
| From capital gains                                                                                                       | \$ (315)          | (156)         | (6,454)        | (156)          | (200,078)        | (81,799)         | (638,044)         | (217,058)         |
| From net investment income                                                                                               | \$ (10)           | -             | (5)            | (3)            | (131)            | (146)            | (500)             | (444)             |
| Return of capital                                                                                                        | \$ (25,509)       | (474)         | (19,796)       | (5,796)        | -                | -                | (153,716)         | (87,191)          |
|                                                                                                                          | \$ (25,834)       | (630)         | (26,255)       | (5,955)        | (200,209)        | (81,945)         | <b>(792,260)</b>  | <b>(304,693)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 656,274        | 10,506        | 206,975        | 148,277        | 2,006,910        | 987,055          | <b>12,842,941</b> | <b>6,518,349</b>  |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 666,780</b> | <b>10,506</b> | <b>355,252</b> | <b>148,277</b> | <b>8,672,587</b> | <b>6,665,677</b> | <b>33,145,657</b> | <b>20,302,716</b> |
| Redeemable Share Transactions                                                                                            |                   |               |                |                |                  |                  |                   |                   |
| Balance - beginning of period                                                                                            | 708               | -             | 10,273         | -              | 425,345          | 373,628          | <b>1,234,965</b>  | <b>854,367</b>    |
| Shares issued                                                                                                            | 36,982            | 667           | 13,105         | 10,938         | 75,214           | 132,051          | 639,884           | 587,270           |
| Shares issued on reinvestment of distributions                                                                           | 401               | 41            | 8              | 58             | 12,113           | 5,239            | 36,215            | 13,819            |
| Shares redeemed                                                                                                          | (523)             | -             | (2,235)        | (723)          | (74,675)         | (85,573)         | (297,358)         | (220,491)         |
| Balance - end of period                                                                                                  | <b>37,568</b>     | <b>708</b>    | <b>21,151</b>  | <b>10,273</b>  | <b>437,997</b>   | <b>425,345</b>   | <b>1,613,706</b>  | <b>1,234,965</b>  |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>6,500,638</b>   | 208,370      |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(389,486)</b>   | (386,788)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(5,911,683)</b> | 601,943      |
| Non-cash income distributions from underlying funds                                                                      | <b>(563,787)</b>   | (658,065)    |
| Purchases of investments                                                                                                 | <b>(7,914,210)</b> | (8,352,475)  |
| Proceeds from sale of investments                                                                                        | <b>2,019,475</b>   | 2,271,973    |
| Change in accrued interest                                                                                               | <b>775</b>         | (1,484)      |
| Change in distributions receivable from underlying funds                                                                 | -                  | -            |
| Change in management fees payable                                                                                        | <b>6,183</b>       | 3,006        |
| Change in other payables and accrued expenses                                                                            | <b>835</b>         | 390          |
| Change in income tax payable                                                                                             | -                  | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(6,251,260)</b> | (6,313,130)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(151,891)</b>   | (68,078)     |
| Proceeds from redeemable shares issued                                                                                   | <b>12,028,132</b>  | 10,114,565   |
| Redemption of redeemable shares                                                                                          | <b>(5,525,871)</b> | (3,679,962)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>6,350,370</b>   | 6,366,525    |
| Net increase (decrease) in cash                                                                                          | <b>99,110</b>      | 53,395       |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>48,029</b>      | (5,366)      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>147,139</b>     | 48,029       |
| Interest received                                                                                                        | <b>5,898</b>       | 641          |
| Income taxes paid                                                                                                        | -                  | -            |
| Interest paid                                                                                                            | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                           | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                       |                     |                      |                    |                          |
| Sun Life MFS Global Growth Fund, Series I | 1,229,672           | 25,422,477           | 33,085,320         |                          |
|                                           |                     | <b>25,422,477</b>    | <b>33,085,320</b>  | <b>99.82</b>             |
| <b>Total Investments</b>                  |                     | <b>25,422,477</b>    | <b>33,085,320</b>  | <b>99.82</b>             |
| <b>Other Assets less Liabilities</b>      |                     |                      | <b>60,337</b>      | <b>0.18</b>              |
| <b>Total Net Assets</b>                   |                     |                      | <b>33,145,657</b>  | <b>100.00</b>            |

## 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 8 to the financial statements.

### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 1.21                         | 0.82              |
| <b>Total</b> | <b>1.21</b>                  | <b>0.82</b>       |

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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|----------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                      | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| United States Dollar | 22,952,287                                         | 69.25                              | 13,191,190                                         | 64.97                              |
| Euro                 | 2,755,201                                          | 8.31                               | 2,147,767                                          | 10.58                              |
| British Pound        | 2,136,242                                          | 6.45                               | 1,878,580                                          | 9.25                               |
| Swiss Franc          | 1,952,429                                          | 5.89                               | 1,057,166                                          | 5.21                               |
| Japanese Yen         | 1,027,817                                          | 3.10                               | 835,771                                            | 4.12                               |
| Korean Won           | 900,871                                            | 2.72                               | 356,731                                            | 1.76                               |
| Chinese Renminbi     | 319,067                                            | 0.96                               | -                                                  | -                                  |
| Indian Rupee         | 138,514                                            | 0.42                               | 57,061                                             | 0.28                               |
| Danish Krone         | 12,888                                             | 0.04                               | 14,765                                             | 0.07                               |
| Brazilian Real       | 247                                                | -                                  | 129,231                                            | 0.64                               |
| <b>Total</b>         | <b>32,195,563</b>                                  | <b>97.14</b>                       | <b>19,668,262</b>                                  | <b>96.88</b>                       |

As at December 31, 2019, 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 \$1,609,777 (\$983,413 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 400,420                  | -                 | -                         | 400,420       |
| December 31, 2018 | 165,672                  | -                 | -                         | 165,672       |

As at December 31, 2019, 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 \$646 (\$17 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$1,633,149 (\$996,253 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Short-Term Investments</b>        |                              |                   |
| Treasury Bills                       | 0.8                          | 0.8               |
| Promissory Notes                     | 0.4                          | -                 |
| <b>Equities</b>                      |                              |                   |
| Energy                               | -                            | 0.4               |
| Materials                            | 6.4                          | 7.4               |
| Industrials                          | 12.3                         | 13.1              |
| Consumer Discretionary               | 15.2                         | 14.6              |
| Consumer Staples                     | 12.4                         | 13.2              |
| Health Care                          | 12.4                         | 10.3              |
| Financials                           | 9.0                          | 8.6               |
| Information Technology               | 21.5                         | 21.4              |
| Communication Services               | 9.5                          | 9.2               |
| <b>Other Assets less Liabilities</b> | 0.1                          | 1.0               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

*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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 33,085,320   | -            | -            | 33,085,320 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series FT5        | 764    | 13,561            |

  

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series FT5        | 31             | -                | 867                |
| Series FT8        | -              | -                | -                  |

  

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

## 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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 17,729,592                | 11,085,888                |
| Cash                                                                                  | 235,390                   | 266,175                   |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | 1,443                     | 1,807                     |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 450                       | 2,675                     |
|                                                                                       | <b>17,966,875</b>         | <b>11,356,545</b>         |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 982                       | 548                       |
| Redemptions payable                                                                   | -                         | -                         |
| Distributions payable                                                                 | 297                       | 391                       |
| Due to investment dealers                                                             | 5,504                     | 55,389                    |
| Management fees payable                                                               | 7,118                     | 4,202                     |
| Income tax payable                                                                    | 29,603                    | 17,068                    |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>43,504</b>             | <b>77,598</b>             |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>17,923,371</b>         | <b>11,278,947</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 5,829,378                 | 4,554,056                 |
| Series AT5                                                                            | 226,021                   | 247,352                   |
| Series AT8                                                                            | 511,310                   | 493,882                   |
| Series F                                                                              | 8,523,975                 | 3,673,159                 |
| Series FT5                                                                            | 12,149                    | 10,101                    |
| Series FT8                                                                            | 69,003                    | 96,385                    |
| Series O                                                                              | 2,751,535                 | 2,204,012                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 15.50                     | 14.10                     |
| Series AT5                                                                            | 16.87                     | 16.12                     |
| Series AT8                                                                            | 13.86                     | 13.67                     |
| Series F                                                                              | 16.62                     | 14.95                     |
| Series FT5                                                                            | 15.11                     | 14.29                     |
| Series FT8                                                                            | 14.25                     | 13.89                     |
| Series O                                                                              | 15.71                     | 14.00                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$)     |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Investment Income</b>                                                                                                                   |                  |                  |
| Interest income                                                                                                                            | 2,417            | 1,167            |
| Distributions from underlying funds                                                                                                        | 300,082          | 1,270,383        |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |                  |
| Net realized gain (loss) on sale of investments                                                                                            | 60,108           | 156,655          |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 2,296,614        | (1,636,393)      |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>2,659,221</b> | <b>(208,188)</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>2,659,221</b> | <b>(208,188)</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |                  |
| Management fees                                                                                                                            | 172,241          | 114,966          |
| Fixed annual administration fees                                                                                                           | 22,763           | 14,103           |
| Independent review committee fees                                                                                                          | 144              | 155              |
| Total operating expenses                                                                                                                   | 195,148          | 129,224          |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -                |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>2,464,073</b> | <b>(337,412)</b> |
| <b>Finance Cost</b>                                                                                                                        |                  |                  |
| Interest expense                                                                                                                           | -                | -                |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>2,464,073</b> | <b>(337,412)</b> |
| Income taxes                                                                                                                               | 28,396           | 16,174           |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>2,435,677</b> | <b>(353,586)</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |                  |
| Series A                                                                                                                                   | 894,749          | (154,587)        |
| Series AT5                                                                                                                                 | 42,232           | (12,830)         |
| Series AT8                                                                                                                                 | 92,107           | (15,663)         |
| Series F                                                                                                                                   | 897,217          | (103,430)        |
| Series FT5                                                                                                                                 | 2,016            | 83               |
| Series FT8                                                                                                                                 | 15,080           | (6,406)          |
| Series O                                                                                                                                   | 492,276          | (60,753)         |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |                  |
| Series A                                                                                                                                   | 363,495          | 278,665          |
| Series AT5                                                                                                                                 | 14,784           | 11,881           |
| Series AT8                                                                                                                                 | 37,473           | 30,548           |
| Series F                                                                                                                                   | 323,166          | 106,206          |
| Series FT5                                                                                                                                 | 773              | 689              |
| Series FT8                                                                                                                                 | 6,244            | 3,357            |
| Series O                                                                                                                                   | 173,017          | 132,028          |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |                  |
| Series A                                                                                                                                   | 2.46             | (0.55)           |
| Series AT5                                                                                                                                 | 2.86             | (1.08)           |
| Series AT8                                                                                                                                 | 2.46             | (0.51)           |
| Series F                                                                                                                                   | 2.78             | (0.97)           |
| Series FT5                                                                                                                                 | 2.61             | 0.12             |
| Series FT8                                                                                                                                 | 2.42             | (1.91)           |
| Series O                                                                                                                                   | 2.85             | (0.46)           |

*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         |                  |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|----------------|----------------|----------------|----------------|------------------|------------------|
|                                                                                                                          | 2019                | 2018             | 2019           | 2018           | 2019           | 2018           | 2019             | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 4,554,056        | 3,490,412        | 247,352        | 155,207        | 493,882        | 358,718        | 3,673,159        | 203,266          |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 894,749          | (154,587)        | 42,232         | (12,830)       | 92,107         | (15,663)       | 897,217          | (103,430)        |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                |                |                  |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,287,994        | 3,559,668        | 3,000          | 179,774        | 95,581         | 184,900        | 5,267,470        | 4,323,884        |
| Redemption of redeemable shares                                                                                          | \$ (1,899,591)      | (2,341,437)      | (66,758)       | (74,459)       | (117,122)      | (8,373)        | (1,216,943)      | (750,561)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 357,172          | 43,268           | 31,212         | 12,329         | 29,141         | 17,930         | 201,506          | 10,594           |
| Capitalized distributions                                                                                                | \$ -                | -                | -              | -              | -              | -              | -                | -                |
|                                                                                                                          | \$ 745,575          | 1,261,499        | (32,546)       | 117,644        | 7,600          | 194,457        | 4,252,033        | 3,583,917        |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |                |                |                |                |                  |                  |
| From capital gains                                                                                                       | \$ (363,893)        | (42,318)         | (19,169)       | (1,862)        | (41,233)       | (5,105)        | (296,813)        | (9,827)          |
| From net investment income                                                                                               | \$ (1,109)          | (950)            | (43)           | (51)           | (97)           | (104)          | (1,621)          | (767)            |
| Return of capital                                                                                                        | \$ -                | -                | (11,805)       | (10,756)       | (40,949)       | (38,421)       | -                | -                |
|                                                                                                                          | \$ (365,002)        | (43,268)         | (31,017)       | (12,669)       | (82,279)       | (43,630)       | (298,434)        | (10,594)         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 1,275,322        | 1,063,644        | (21,331)       | 92,145         | 17,428         | 135,164        | 4,850,816        | 3,469,893        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 5,829,378</b> | <b>4,554,056</b> | <b>226,021</b> | <b>247,352</b> | <b>511,310</b> | <b>493,882</b> | <b>8,523,975</b> | <b>3,673,159</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                |                |                  |                  |
| Balance - beginning of period                                                                                            | 323,011             | 238,317          | 15,345         | 8,804          | 36,136         | 23,258         | 245,711          | 13,234           |
| Shares issued                                                                                                            | 158,010             | 238,834          | 189            | 10,124         | 6,949          | 12,251         | 331,903          | 278,903          |
| Shares issued on reinvestment of distributions                                                                           | 25,649              | 2,830            | 1,949          | 704            | 2,152          | 1,187          | 13,538           | 655              |
| Shares redeemed                                                                                                          | (130,549)           | (156,970)        | (4,083)        | (4,287)        | (8,345)        | (560)          | (78,246)         | (47,081)         |
| Balance - end of period                                                                                                  | <b>376,121</b>      | <b>323,011</b>   | <b>13,400</b>  | <b>15,345</b>  | <b>36,892</b>  | <b>36,136</b>  | <b>512,906</b>   | <b>245,711</b>   |

  

|                                                                                                                          | Series FT5       |               | Series FT8    |               | Series O         |                  | Total             |                   |
|--------------------------------------------------------------------------------------------------------------------------|------------------|---------------|---------------|---------------|------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019             | 2018          | 2019          | 2018          | 2019             | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 10,101        | -             | 96,385        | -             | 2,204,012        | 1,395,496        | <b>11,278,947</b> | <b>5,603,099</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,016         | 83            | 15,080        | (6,406)       | 492,276          | (60,753)         | <b>2,435,677</b>  | <b>(353,586)</b>  |
| Redeemable Share Transactions                                                                                            |                  |               |               |               |                  |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ -             | 10,018        | -             | 105,000       | 877,775          | 1,344,077        | 8,531,820         | 9,707,321         |
| Redemption of redeemable shares                                                                                          | \$ -             | -             | (29,971)      | -             | (822,528)        | (474,808)        | (4,152,913)       | (3,649,638)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,373         | 598           | 1,734         | 1,794         | 187,945          | 18,078           | 810,083           | 104,591           |
| Capitalized distributions                                                                                                | \$ -             | -             | -             | -             | -                | -                | -                 | -                 |
|                                                                                                                          | \$ 1,373         | 10,616        | (28,237)      | 106,794       | 243,192          | 887,347          | <b>5,188,990</b>  | <b>6,162,274</b>  |
| Distributions to Holders of Redeemable Shares                                                                            |                  |               |               |               |                  |                  |                   |                   |
| From capital gains                                                                                                       | \$ (784)         | (123)         | (7,438)       | (123)         | (187,421)        | (17,617)         | (916,751)         | (76,975)          |
| From net investment income                                                                                               | \$ (2)           | (2)           | (13)          | (21)          | (524)            | (461)            | (3,409)           | (2,356)           |
| Return of capital                                                                                                        | \$ (555)         | (473)         | (6,774)       | (3,859)       | -                | -                | (60,083)          | (53,509)          |
|                                                                                                                          | \$ (1,341)       | (598)         | (14,225)      | (4,003)       | (187,945)        | (18,078)         | <b>(980,243)</b>  | <b>(132,840)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 2,048         | 10,101        | (27,382)      | 96,385        | 547,523          | 808,516          | <b>6,644,424</b>  | <b>5,675,848</b>  |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 12,149</b> | <b>10,101</b> | <b>69,003</b> | <b>96,385</b> | <b>2,751,535</b> | <b>2,204,012</b> | <b>17,923,371</b> | <b>11,278,947</b> |
| Redeemable Share Transactions                                                                                            |                  |               |               |               |                  |                  |                   |                   |
| Balance - beginning of period                                                                                            | 707              | -             | 6,938         | -             | 157,407          | 97,917           | <b>785,255</b>    | <b>381,530</b>    |
| Shares issued                                                                                                            | -                | 667           | -             | 6,818         | 60,991           | 90,841           | 558,042           | 638,438           |
| Shares issued on reinvestment of distributions                                                                           | 97               | 40            | 126           | 120           | 13,666           | 1,254            | 57,177            | 6,790             |
| Shares redeemed                                                                                                          | -                | -             | (2,222)       | -             | (56,932)         | (32,605)         | (280,377)         | (241,503)         |
| Balance - end of period                                                                                                  | <b>804</b>       | <b>707</b>    | <b>4,842</b>  | <b>6,938</b>  | <b>175,132</b>   | <b>157,407</b>   | <b>1,120,097</b>  | <b>785,255</b>    |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>2,435,677</b>   | (353,586)    |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>(60,108)</b>    | (156,655)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(2,296,614)</b> | 1,636,393    |
| Non-cash income distributions from underlying funds                                                                      | <b>(300,082)</b>   | (1,270,383)  |
| Purchases of investments                                                                                                 | <b>(6,507,804)</b> | (7,064,458)  |
| Proceeds from sale of investments                                                                                        | <b>2,471,019</b>   | 1,429,954    |
| Change in accrued interest                                                                                               | <b>364</b>         | (1,807)      |
| Change in distributions receivable from underlying funds                                                                 | <b>-</b>           | -            |
| Change in management fees payable                                                                                        | <b>2,916</b>       | 1,974        |
| Change in other payables and accrued expenses                                                                            | <b>434</b>         | 307          |
| Change in income tax payable                                                                                             | <b>12,535</b>      | 10,513       |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(4,241,663)</b> | (5,767,748)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(170,254)</b>   | (27,858)     |
| Proceeds from redeemable shares issued                                                                                   | <b>8,534,045</b>   | 9,729,646    |
| Redemption of redeemable shares                                                                                          | <b>(4,152,913)</b> | (3,658,751)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>4,210,878</b>   | 6,043,037    |
| Net increase (decrease) in cash                                                                                          | <b>(30,785)</b>    | 275,289      |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>266,175</b>     | (9,114)      |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>235,390</b>     | 266,175      |
| Interest received                                                                                                        | <b>2,781</b>       | -            |
| Income taxes paid                                                                                                        | <b>(15,861)</b>    | (5,661)      |
| Interest paid                                                                                                            | <b>-</b>           | (640)        |

## Schedule of Investments

As at December 31, 2019

|                                                  | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|--------------------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                              |                     |                      |                    |                          |
| Sun Life MFS International Growth Fund, Series I | 939,724             | 16,275,711           | 17,729,592         |                          |
|                                                  |                     | <b>16,275,711</b>    | <b>17,729,592</b>  | <b>98.92</b>             |
| <b>Total Investments</b>                         |                     | <b>16,275,711</b>    | <b>17,729,592</b>  | <b>98.92</b>             |
| <b>Other Assets less Liabilities</b>             |                     |                      | <b>193,779</b>     | <b>1.08</b>              |
| <b>Total Net Assets</b>                          |                     |                      | <b>17,923,371</b>  | <b>100.00</b>            |

## 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 8 to the financial statements.

### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 1.05                         | 0.31              |
| AA/Aa        | 0.30                         | 0.92              |
| <b>Total</b> | <b>1.35</b>                  | <b>1.23</b>       |

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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                         | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|-------------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                         | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| Euro                    | 6,311,101                                          | 35.21                              | 3,749,001                                          | 33.24                              |
| United States<br>Dollar | 2,874,299                                          | 16.04                              | 1,706,584                                          | 15.13                              |
| Swiss Franc             | 2,471,524                                          | 13.79                              | 1,542,917                                          | 13.68                              |
| British Pound           | 2,015,109                                          | 11.24                              | 1,365,389                                          | 12.11                              |
| Japanese Yen            | 1,597,822                                          | 8.91                               | 1,002,303                                          | 8.89                               |
| Hong Kong Dollar        | 819,005                                            | 4.57                               | 518,116                                            | 4.59                               |
| Australian Dollar       | 254,672                                            | 1.42                               | 246,922                                            | 2.19                               |
| Singapore Dollar        | 242,247                                            | 1.35                               | 157,742                                            | 1.40                               |
| Korean Won              | 223,593                                            | 1.25                               | 83,448                                             | 0.74                               |
| Mexican Peso            | 206,298                                            | 1.15                               | 151,367                                            | 1.34                               |
| Indian Rupee            | 183,718                                            | 1.03                               | 131,262                                            | 1.16                               |
| Danish Krone            | 149,043                                            | 0.83                               | 98,447                                             | 0.87                               |
| New Taiwan Dollar       | 61,855                                             | 0.35                               | 39,364                                             | 0.35                               |
| Czech Koruna            | 44,817                                             | 0.25                               | 33,188                                             | 0.29                               |
| <b>Total</b>            | <b>17,455,103</b>                                  | <b>97.39</b>                       | <b>10,826,050</b>                                  | <b>95.98</b>                       |

As at December 31, 2019, 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 \$872,755 (\$541,302 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 241,573                  | -                 | -                         | 241,573       |
| December 31, 2018 | 138,930                  | -                 | -                         | 138,930       |

As at December 31, 2019, 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 \$232 (\$111 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$870,209 (\$543,871 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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:

|                                      | Percentage of Net Assets (%) |                      |
|--------------------------------------|------------------------------|----------------------|
|                                      | December 31,<br>2019         | December 31,<br>2018 |
| <b>Portfolio by Category</b>         |                              |                      |
| <b>Short-Term Investments</b>        |                              |                      |
| Treasury Bills                       | 1.0                          | 0.7                  |
| Promissory Note                      | 0.1                          | 0.5                  |
| Term Deposit Receipts                | 0.2                          | -                    |
| <b>Equities</b>                      |                              |                      |
| Communication Services               | 3.1                          | 4.4                  |
| Consumer Discretionary               | 9.5                          | 8.6                  |
| Consumer Staples                     | 21.0                         | 21.8                 |
| Energy                               | 0.9                          | 1.8                  |
| Financials                           | 9.5                          | 11.8                 |
| Health Care                          | 16.6                         | 15.4                 |
| Industrials                          | 11.3                         | 10.3                 |
| Information Technology               | 16.2                         | 13.7                 |
| Materials                            | 8.8                          | 8.3                  |
| Utilities                            | 0.2                          | 0.4                  |
| <b>Other Assets less Liabilities</b> | 1.6                          | 2.3                  |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>         |

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

# Sun Life MFS International 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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 17,729,592   | -            | -            | 17,729,592 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series FT5        | 804    | 12,149            |
| Series FT8        | 852    | 12,150            |

  

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series AT5        | -              | -                | -                  |
| Series FT5        | 28             | -                | 1,341              |
| Series FT8        | 28             | -                | 1,687              |

  

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

## 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 investors 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, 2019 and December 31, 2018, 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 U.S. Growth Class

## Statements of Financial Position

As at December 31, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | 50,930,086                | 26,094,268                |
| Cash                                                                                  | 272,864                   | 451,667                   |
| Due from investment dealers                                                           | -                         | 118,143                   |
| Accrued interest                                                                      | 65                        | 3,352                     |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | 239,312                   | 62,889                    |
|                                                                                       | <b>51,442,327</b>         | <b>26,730,319</b>         |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | 2,816                     | 1,275                     |
| Redemptions payable                                                                   | 155,198                   | 1,831                     |
| Distributions payable                                                                 | 947                       | 1,783                     |
| Due to investment dealers                                                             | 233,064                   | 28,618                    |
| Management fees payable                                                               | 21,305                    | 10,055                    |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | 413,330                   | 43,562                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>51,028,997</b>         | <b>26,686,757</b>         |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | 19,104,619                | 13,035,473                |
| Series AT5                                                                            | 1,780,146                 | 616,286                   |
| Series AT8                                                                            | 1,054,909                 | 767,983                   |
| Series F                                                                              | 20,214,410                | 6,034,948                 |
| Series FT5                                                                            | 310,458                   | 30,604                    |
| Series FT8                                                                            | 93,562                    | 52,752                    |
| Series O                                                                              | 8,470,893                 | 6,148,711                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | 25.61                     | 20.38                     |
| Series AT5                                                                            | 28.35                     | 23.57                     |
| Series AT8                                                                            | 23.46                     | 20.03                     |
| Series F                                                                              | 27.47                     | 21.62                     |
| Series FT5                                                                            | 19.08                     | 15.69                     |
| Series FT8                                                                            | 18.10                     | 15.29                     |
| Series O                                                                              | 23.84                     | 18.59                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| "signed" Jordy Chilcott | "signed" Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)      | 2018<br>(\$)     |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| <b>Investment Income</b>                                                                                                                   |                   |                  |
| Interest income                                                                                                                            | 4,483             | 1,170            |
| Distributions from underlying funds                                                                                                        | 115,712           | 602,995          |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                   |                  |
| Net realized gain (loss) on sale of investments                                                                                            | 2,151,608         | 489,906          |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | 8,769,734         | 295,660          |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>11,041,537</b> | <b>1,389,731</b> |
| <b>Total income (loss)</b>                                                                                                                 | <b>11,041,537</b> | <b>1,389,731</b> |
| <b>Expenses (note 5)</b>                                                                                                                   |                   |                  |
| Management fees                                                                                                                            | 544,439           | 296,503          |
| Fixed annual administration fees                                                                                                           | 72,967            | 36,466           |
| Independent review committee fees                                                                                                          | 500               | 399              |
| Total operating expenses                                                                                                                   | 617,906           | 333,368          |
| Fees waived/absorbed by the Manager                                                                                                        | -                 | -                |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>10,423,631</b> | <b>1,056,363</b> |
| <b>Finance Cost</b>                                                                                                                        |                   |                  |
| Interest expense                                                                                                                           | -                 | -                |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>10,423,631</b> | <b>1,056,363</b> |
| Income taxes                                                                                                                               | -                 | -                |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>10,423,631</b> | <b>1,056,363</b> |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                   |                  |
| Series A                                                                                                                                   | 3,870,239         | 616,678          |
| Series AT5                                                                                                                                 | 210,144           | (6,842)          |
| Series AT8                                                                                                                                 | 244,110           | 44,221           |
| Series F                                                                                                                                   | 4,003,832         | (38,930)         |
| Series FT5                                                                                                                                 | 35,459            | (667)            |
| Series FT8                                                                                                                                 | 17,042            | (3,989)          |
| Series O                                                                                                                                   | 2,042,805         | 445,892          |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                   |                  |
| Series A                                                                                                                                   | 695,190           | 567,141          |
| Series AT5                                                                                                                                 | 38,851            | 16,750           |
| Series AT8                                                                                                                                 | 41,677            | 30,077           |
| Series F                                                                                                                                   | 688,919           | 131,603          |
| Series FT5                                                                                                                                 | 11,688            | 1,181            |
| Series FT8                                                                                                                                 | 3,798             | 3,106            |
| Series O                                                                                                                                   | 353,429           | 304,322          |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                   |                  |
| Series A                                                                                                                                   | 5.57              | 1.09             |
| Series AT5                                                                                                                                 | 5.41              | (0.41)           |
| Series AT8                                                                                                                                 | 5.86              | 1.47             |
| Series F                                                                                                                                   | 5.81              | (0.30)           |
| Series FT5                                                                                                                                 | 3.03              | (0.56)           |
| Series FT8                                                                                                                                 | 4.49              | (1.28)           |
| Series O                                                                                                                                   | 5.78              | 1.47             |

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          |                  |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|------------------|----------------|------------------|----------------|-------------------|------------------|
|                                                                                                                          | 2019                 | 2018              | 2019             | 2018           | 2019             | 2018           | 2019              | 2018             |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 13,035,473        | 8,651,583         | 616,286          | 197,948        | 767,983          | 394,043        | 6,034,948         | 1,057,578        |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 3,870,239         | 616,678           | 210,144          | (6,842)        | 244,110          | 44,221         | 4,003,832         | (38,930)         |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                |                  |                |                   |                  |
| Proceeds from redeemable shares issued                                                                                   | \$ 6,984,502         | 9,282,591         | 1,055,346        | 631,252        | 484,376          | 536,102        | 20,835,244        | 5,612,966        |
| Redemption of redeemable shares                                                                                          | \$ (4,789,943)       | (5,515,379)       | (70,462)         | (194,361)      | (365,596)        | (156,036)      | (10,560,402)      | (596,666)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 297,539           | 122,626           | 28,542           | 12,512         | 11,042           | 5,527          | 150,339           | 16,620           |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -                | -              | -                | -              | -                 | -                |
|                                                                                                                          | \$ 2,492,098         | 3,889,838         | 1,013,426        | 449,403        | 129,822          | 385,593        | 10,425,181        | 5,032,920        |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                  |                |                  |                |                   |                  |
| From capital gains                                                                                                       | \$ (292,205)         | (121,755)         | (13,192)         | (3,890)        | (19,221)         | (6,744)        | (248,496)         | (16,212)         |
| From net investment income                                                                                               | \$ (986)             | (871)             | (93)             | (42)           | (55)             | (53)           | (1,055)           | (408)            |
| Return of capital                                                                                                        | \$ -                 | -                 | (46,425)         | (20,291)       | (67,730)         | (49,077)       | -                 | -                |
|                                                                                                                          | \$ (293,191)         | (122,626)         | (59,710)         | (24,223)       | (87,006)         | (55,874)       | (249,551)         | (16,620)         |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 6,069,146         | 4,383,890         | 1,163,860        | 418,338        | 286,926          | 373,940        | 14,179,462        | 4,977,370        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 19,104,619</b> | <b>13,035,473</b> | <b>1,780,146</b> | <b>616,286</b> | <b>1,054,909</b> | <b>767,983</b> | <b>20,214,410</b> | <b>6,034,948</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                |                  |                |                   |                  |
| Balance - beginning of period                                                                                            | 639,520              | 459,064           | 26,147           | 8,679          | 38,348           | 19,749         | 279,112           | 53,479           |
| Shares issued                                                                                                            | 295,523              | 438,174           | 38,242           | 24,812         | 22,203           | 25,695         | 861,982           | 251,612          |
| Shares issued on reinvestment of distributions                                                                           | 13,325               | 6,022             | 1,044            | 488            | 482              | 242            | 5,947             | 776              |
| Shares redeemed                                                                                                          | (202,399)            | (263,740)         | (2,642)          | (7,832)        | (16,072)         | (7,338)        | (411,100)         | (26,755)         |
| Balance - end of period                                                                                                  | <b>745,969</b>       | <b>639,520</b>    | <b>62,791</b>    | <b>26,147</b>  | <b>44,961</b>    | <b>38,348</b>  | <b>735,941</b>    | <b>279,112</b>   |

  

|                                                                                                                          | Series FT5        |               | Series FT8    |               | Series O         |                  | Total             |                   |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|---------------|---------------|---------------|------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019              | 2018          | 2019          | 2018          | 2019             | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 30,604         | -             | 52,752        | -             | 6,148,711        | 4,418,660        | <b>26,686,757</b> | <b>14,719,812</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 35,459         | (667)         | 17,042        | (3,989)       | 2,042,805        | 445,892          | <b>10,423,631</b> | <b>1,056,363</b>  |
| Redeemable Share Transactions                                                                                            |                   |               |               |               |                  |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ 290,411        | 44,938        | 39,227        | 98,400        | 2,825,713        | 2,898,296        | 32,514,819        | 19,104,545        |
| Redemption of redeemable shares                                                                                          | \$ (37,251)       | (13,667)      | (10,937)      | (40,121)      | (2,546,336)      | (1,614,137)      | (18,380,927)      | (8,130,367)       |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 1,739          | 947           | 1,277         | 1,868         | 147,313          | 64,820           | 637,791           | 224,920           |
| Capitalized distributions                                                                                                | \$ -              | -             | -             | -             | -                | -                | -                 | -                 |
|                                                                                                                          | \$ 254,899        | 32,218        | 29,567        | 60,147        | 426,690          | 1,348,979        | <b>14,771,683</b> | <b>11,199,098</b> |
| Distributions to Holders of Redeemable Shares                                                                            |                   |               |               |               |                  |                  |                   |                   |
| From capital gains                                                                                                       | \$ (870)          | (136)         | (1,133)       | (136)         | (146,874)        | (64,400)         | (721,991)         | (213,273)         |
| From net investment income                                                                                               | \$ (16)           | (2)           | (4)           | (3)           | (439)            | (420)            | (2,648)           | (1,799)           |
| Return of capital                                                                                                        | \$ (9,618)        | (809)         | (4,662)       | (3,267)       | -                | -                | (128,435)         | (73,444)          |
|                                                                                                                          | \$ (10,504)       | (947)         | (5,799)       | (3,406)       | (147,313)        | (64,820)         | <b>(853,074)</b>  | <b>(288,516)</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ 279,854        | 30,604        | 40,810        | 52,752        | 2,322,182        | 1,730,051        | <b>24,342,240</b> | <b>11,966,945</b> |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 310,458</b> | <b>30,604</b> | <b>93,562</b> | <b>52,752</b> | <b>8,470,893</b> | <b>6,148,711</b> | <b>51,028,997</b> | <b>26,686,757</b> |
| Redeemable Share Transactions                                                                                            |                   |               |               |               |                  |                  |                   |                   |
| Balance - beginning of period                                                                                            | 1,951             | -             | 3,449         | -             | 330,773          | 262,457          | <b>1,319,300</b>  | <b>803,428</b>    |
| Shares issued                                                                                                            | 16,276            | 2,729         | 2,272         | 5,907         | 133,293          | 150,642          | 1,369,791         | 899,571           |
| Shares issued on reinvestment of distributions                                                                           | 100               | 58            | 75            | 113           | 7,377            | 3,553            | 28,350            | 11,252            |
| Shares redeemed                                                                                                          | (2,052)           | (836)         | (625)         | (2,571)       | (116,107)        | (85,879)         | (750,997)         | (394,951)         |
| Balance - end of period                                                                                                  | <b>16,275</b>     | <b>1,951</b>  | <b>5,171</b>  | <b>3,449</b>  | <b>355,336</b>   | <b>330,773</b>   | <b>1,966,444</b>  | <b>1,319,300</b>  |

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

|                                                                                                                          | 2019<br>(\$)        | 2018<br>(\$)        |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                     |                     |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | 10,423,631          | 1,056,363           |
| Adjustments for:                                                                                                         |                     |                     |
| Net realized (gain) loss on sale of investments                                                                          | (2,151,608)         | (489,906)           |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | (8,769,734)         | (295,660)           |
| Non-cash income distributions from underlying funds                                                                      | (115,712)           | (602,995)           |
| Purchases of investments                                                                                                 | (24,405,404)        | (12,917,512)        |
| Proceeds from sale of investments                                                                                        | 10,929,229          | 2,718,750           |
| Change in accrued interest                                                                                               | 3,287               | (3,352)             |
| Change in distributions receivable from underlying funds                                                                 | -                   | -                   |
| Change in management fees payable                                                                                        | 11,250              | 4,736               |
| Change in other payables and accrued expenses                                                                            | 1,541               | 635                 |
| Change in income tax payable                                                                                             | -                   | -                   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>(14,073,520)</b> | <b>(10,528,941)</b> |
| <b>Cash Flows from Financing Activities</b>                                                                              |                     |                     |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | (216,119)           | (62,482)            |
| Proceeds from redeemable shares issued                                                                                   | 32,338,396          | 19,149,012          |
| Redemption of redeemable shares                                                                                          | (18,227,560)        | (8,133,786)         |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>13,894,717</b>   | <b>10,952,744</b>   |
| Net increase (decrease) in cash                                                                                          | (178,803)           | 423,803             |
| Cash (bank indebtedness) at beginning of period                                                                          | 451,667             | 27,864              |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>272,864</b>      | <b>451,667</b>      |
| Interest received                                                                                                        | 7,770               | -                   |
| Income taxes paid                                                                                                        | -                   | -                   |
| Interest paid                                                                                                            | -                   | (2,182)             |

## Schedule of Investments

As at December 31, 2019

|                                         | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|-----------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                     |                     |                      |                    |                          |
| Sun Life MFS U.S. Growth Fund, Series I | 1,098,969           | 39,463,458           | 50,930,086         |                          |
|                                         |                     | <b>39,463,458</b>    | <b>50,930,086</b>  | <b>99.81</b>             |
| <b>Total Investments</b>                |                     | <b>39,463,458</b>    | <b>50,930,086</b>  | <b>99.81</b>             |
| <b>Other Assets less Liabilities</b>    |                     |                      | <b>98,911</b>      | <b>0.19</b>              |
| <b>Total Net Assets</b>                 |                     |                      | <b>51,028,997</b>  | <b>100.00</b>            |

## 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 8 to the financial statements.

### (a) Credit risk

As at December 31, 2019 and December 31, 2018, 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 Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

|              | Percentage of Net Assets (%) |                      |
|--------------|------------------------------|----------------------|
| Rating       | December 31,<br>2019         | December 31,<br>2018 |
| AAA/Aaa      | 1.22                         | 1.67                 |
| AA/Aa        | 0.33                         | 0.63                 |
| <b>Total</b> | <b>1.55</b>                  | <b>2.30</b>          |

*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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                         | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) | Holdings<br>Exposed to<br>Currency<br>Risk (\$CAD) | Percentage<br>of Net<br>Assets (%) |
|-------------------------|----------------------------------------------------|------------------------------------|----------------------------------------------------|------------------------------------|
|                         | December 31, 2019                                  |                                    | December 31, 2018                                  |                                    |
| United States<br>Dollar | 49,774,814                                         | 97.54                              | 25,318,826                                         | 94.87                              |
| Euro                    | 109,030                                            | 0.21                               | 69,438                                             | 0.26                               |
| <b>Total</b>            | <b>49,883,844</b>                                  | <b>97.75</b>                       | <b>25,388,264</b>                                  | <b>95.13</b>                       |

As at December 31, 2019, 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 \$2,494,192 (\$1,269,413 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

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

|                   | Less than 1<br>year (\$) | 1-5 years<br>(\$) | More than<br>5 years (\$) | Total<br>(\$) |
|-------------------|--------------------------|-------------------|---------------------------|---------------|
| December 31, 2019 | 789,743                  | -                 | -                         | 789,743       |
| December 31, 2018 | 613,349                  | -                 | -                         | 613,349       |

As at December 31, 2019, 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 \$955 (\$503 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$2,493,006 (\$1,279,201 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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:

|                                      | Percentage of Net Assets (%) |                      |
|--------------------------------------|------------------------------|----------------------|
|                                      | December 31,<br>2019         | December 31,<br>2018 |
| <b>Portfolio by Category</b>         |                              |                      |
| <b>Short-Term Investments</b>        |                              |                      |
| Treasury Bills                       | 0.5                          | 1.4                  |
| Promissory Note                      | 0.7                          | 0.9                  |
| Bearer Deposit Notes                 | 0.1                          | -                    |
| Term Deposit Receipts                | 0.3                          | -                    |
| <b>Equities</b>                      |                              |                      |
| Communication Services               | 14.0                         | 12.8                 |
| Consumer Discretionary               | 12.0                         | 14.3                 |
| Consumer Staples                     | 3.4                          | 3.7                  |
| Energy                               | 0.3                          | 0.7                  |
| Financials                           | 3.8                          | 4.1                  |
| Health Care                          | 13.5                         | 15.5                 |
| Industrials                          | 7.5                          | 6.8                  |
| Information Technology               | 38.4                         | 33.8                 |
| Materials                            | 3.1                          | 2.6                  |
| Real Estate                          | 1.6                          | 1.6                  |
| <b>Other Assets less Liabilities</b> | <b>0.8</b>                   | <b>1.8</b>           |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>         |

*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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 50,930,086   | -            | -            | 50,930,086 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series FT5        | -      | -                 |
| Series FT8        | 794    | 14,371            |

  

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series FT5        | 30             | 14,541           | 764                |
| Series FT8        | 33             | -                | 1,172              |

  

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

## 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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>12,013,282</b>         | 10,385,153                |
| Cash                                                                                  | <b>491,512</b>            | 126,866                   |
| Due from investment dealers                                                           | -                         | -                         |
| Accrued interest                                                                      | <b>2,930</b>              | 7,019                     |
| Distributions receivable from underlying funds                                        | <b>1,890</b>              | 3,483                     |
| Subscriptions receivable                                                              | -                         | -                         |
|                                                                                       | <b>12,509,614</b>         | 10,522,521                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | -                         | 2                         |
| Redemptions payable                                                                   | -                         | 4                         |
| Distributions payable                                                                 | -                         | -                         |
| Due to investment dealers                                                             | -                         | -                         |
| Management fees payable                                                               | <b>1,715</b>              | 1,354                     |
| Income tax payable                                                                    | <b>31,415</b>             | 37,330                    |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>33,130</b>             | 38,690                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>12,476,484</b>         | 10,483,831                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>8,868,136</b>          | 6,566,013                 |
| Series F                                                                              | <b>1,860,706</b>          | 2,741,064                 |
| Series O                                                                              | <b>1,747,642</b>          | 1,176,754                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>10.25</b>              | 10.14                     |
| Series F                                                                              | <b>10.43</b>              | 10.30                     |
| Series O                                                                              | <b>10.56</b>              | 10.40                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)    | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                 |              |
| Interest income                                                                                                                            | <b>3,941</b>    | 5,103        |
| Distributions from underlying funds                                                                                                        | <b>215,699</b>  | 139,259      |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                 |              |
| Net realized gain (loss) on sale of investments                                                                                            | -               | -            |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | -               | -            |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>219,640</b>  | 144,362      |
| <b>Total income (loss)</b>                                                                                                                 | <b>219,640</b>  | 144,362      |
| <b>Expenses (note 5)</b>                                                                                                                   |                 |              |
| Management fees                                                                                                                            | <b>114,064</b>  | 80,806       |
| Fixed annual administration fees                                                                                                           | <b>6,877</b>    | 5,064        |
| Independent review committee fees                                                                                                          | <b>154</b>      | 168          |
| Total operating expenses                                                                                                                   | <b>121,095</b>  | 86,038       |
| Fees waived/absorbed by the Manager                                                                                                        | <b>(68,106)</b> | (48,242)     |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>166,651</b>  | 106,566      |
| <b>Finance Cost</b>                                                                                                                        |                 |              |
| Interest expense                                                                                                                           | -               | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>166,651</b>  | 106,566      |
| Income taxes                                                                                                                               | <b>31,055</b>   | 37,497       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>135,596</b>  | 69,069       |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                 |              |
| Series A                                                                                                                                   | <b>81,927</b>   | 33,919       |
| Series F                                                                                                                                   | <b>32,907</b>   | 19,341       |
| Series O                                                                                                                                   | <b>20,762</b>   | 15,809       |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                 |              |
| Series A                                                                                                                                   | <b>815,524</b>  | 563,068      |
| Series F                                                                                                                                   | <b>244,962</b>  | 211,418      |
| Series O                                                                                                                                   | <b>127,787</b>  | 127,764      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                 |              |
| Series A                                                                                                                                   | <b>0.10</b>     | 0.06         |
| Series F                                                                                                                                   | <b>0.13</b>     | 0.09         |
| Series O                                                                                                                                   | <b>0.16</b>     | 0.12         |

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             |                   |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|                                                                                                                          | 2019                | 2018             | 2019             | 2018             | 2019             | 2018             | 2019              | 2018              |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 6,566,013        | 6,353,370        | 2,741,064        | 2,783,228        | 1,176,754        | 1,361,332        | <b>10,483,831</b> | <b>10,497,930</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 81,927           | 33,919           | 32,907           | 19,341           | 20,762           | 15,809           | <b>135,596</b>    | <b>69,069</b>     |
| Redeemable Share Transactions                                                                                            |                     |                  |                  |                  |                  |                  |                   |                   |
| Proceeds from redeemable shares issued                                                                                   | \$ 29,193,219       | 14,303,530       | 5,633,984        | 5,639,811        | 3,153,979        | 14,913,853       | 37,981,182        | 34,857,194        |
| Redemption of redeemable shares                                                                                          | \$ (26,973,023)     | (14,124,806)     | (6,547,249)      | (5,701,316)      | (2,603,853)      | (15,114,240)     | (36,124,125)      | (34,940,362)      |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ -                | -                | -                | -                | -                | -                | -                 | -                 |
| Capitalized distributions                                                                                                | \$ -                | -                | -                | -                | -                | -                | -                 | -                 |
|                                                                                                                          | \$ 2,220,196        | 178,724          | (913,265)        | (61,505)         | 550,126          | (200,387)        | <b>1,857,057</b>  | <b>(83,168)</b>   |
| 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                            | \$ 2,302,123        | 212,643          | (880,358)        | (42,164)         | 570,888          | (184,578)        | <b>1,992,653</b>  | <b>(14,099)</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | \$ <b>8,868,136</b> | <b>6,566,013</b> | <b>1,860,706</b> | <b>2,741,064</b> | <b>1,747,642</b> | <b>1,176,754</b> | <b>12,476,484</b> | <b>10,483,831</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                  |                  |                  |                  |                   |                   |
| Balance - beginning of period                                                                                            | 647,243             | 630,231          | 266,199          | 272,788          | 113,119          | 132,410          | <b>1,026,561</b>  | <b>1,035,429</b>  |
| Shares issued                                                                                                            | 2,861,282           | 1,414,199        | 544,148          | 549,926          | 300,699          | 1,439,160        | 3,706,129         | 3,403,285         |
| Shares issued on reinvestment of distributions                                                                           | -                   | -                | -                | -                | -                | -                | -                 | -                 |
| Shares redeemed                                                                                                          | (2,642,971)         | (1,397,187)      | (631,918)        | (556,515)        | (248,392)        | (1,458,451)      | (3,523,281)       | (3,412,153)       |
| Balance - end of period                                                                                                  | <b>865,554</b>      | <b>647,243</b>   | <b>178,429</b>   | <b>266,199</b>   | <b>165,426</b>   | <b>113,119</b>   | <b>1,209,409</b>  | <b>1,026,561</b>  |

## Statements of Cash Flows

For the periods ended December 31

|                                                                                                                          | 2019                | 2018         |                                                     | 2019             | 2018     |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|-----------------------------------------------------|------------------|----------|
|                                                                                                                          | (\$)                | (\$)         |                                                     | (\$)             | (\$)     |
| Cash Flows from Operating Activities                                                                                     |                     |              | Net Cash Provided by (Used in) Financing Activities | <b>1,857,053</b> | (83,164) |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>135,596</b>      | 69,069       | Net increase (decrease) in cash                     | <b>364,646</b>   | 162,100  |
| Adjustments for:                                                                                                         |                     |              | Cash (bank indebtedness) at beginning of period     | <b>126,866</b>   | (35,234) |
| Net realized (gain) loss on sale of investments                                                                          | -                   | -            | Cash (bank indebtedness) at end of period           | <b>491,512</b>   | 126,866  |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | -                   | -            | Interest received                                   | <b>8,030</b>     | -        |
| Non-cash income distributions from underlying funds                                                                      | <b>(215,699)</b>    | (139,259)    | Income taxes paid                                   | <b>(36,970)</b>  | (10,804) |
| Purchases of investments                                                                                                 | <b>(32,493,073)</b> | (28,358,169) | Interest paid                                       | -                | (1,916)  |
| Proceeds from sale of investments                                                                                        | <b>31,080,643</b>   | 28,645,127   |                                                     |                  |          |
| Change in accrued interest                                                                                               | <b>4,089</b>        | (7,019)      |                                                     |                  |          |
| Change in distributions receivable from underlying funds                                                                 | <b>1,593</b>        | 8,542        |                                                     |                  |          |
| Change in management fees payable                                                                                        | <b>361</b>          | 305          |                                                     |                  |          |
| Change in other payables and accrued expenses                                                                            | <b>(2)</b>          | (25)         |                                                     |                  |          |
| Change in income tax payable                                                                                             | <b>(5,915)</b>      | 26,693       |                                                     |                  |          |
| Net Cash Provided by (Used in) Operating Activities                                                                      | <b>(1,492,407)</b>  | 245,264      |                                                     |                  |          |
| Cash Flows from Financing Activities                                                                                     |                     |              |                                                     |                  |          |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | -                   | -            |                                                     |                  |          |
| Proceeds from redeemable shares issued                                                                                   | <b>37,981,182</b>   | 34,857,194   |                                                     |                  |          |
| Redemption of redeemable shares                                                                                          | <b>(36,124,129)</b> | (34,940,358) |                                                     |                  |          |

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

# Sun Life Money Market Class (continued)

## Schedule of Investments

As at December 31, 2019

|                                      | Number of Shares | Average Cost (\$) | Fair Value (\$)   | % of Total Net Assets |
|--------------------------------------|------------------|-------------------|-------------------|-----------------------|
| <b>MUTUAL FUNDS</b>                  |                  |                   |                   |                       |
| Sun Life Money Market Fund, Series I | 1,201,328        | 12,013,282        | 12,013,282        |                       |
|                                      |                  | <b>12,013,282</b> | <b>12,013,282</b> | <b>96.29</b>          |
| <b>Total Investments</b>             |                  | <b>12,013,282</b> | <b>12,013,282</b> | <b>96.29</b>          |
| <b>Other Assets less Liabilities</b> |                  |                   | <b>463,202</b>    | <b>3.71</b>           |
| <b>Total Net Assets</b>              |                  |                   | <b>12,476,484</b> | <b>100.00</b>         |

## 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 8 to the financial statements.

#### (a) Credit risk

The Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

| Rating       | Percentage of Net Assets (%) |                   |
|--------------|------------------------------|-------------------|
|              | December 31, 2019            | December 31, 2018 |
| AAA/Aaa      | 60.43                        | 63.64             |
| AA/Aa        | 35.52                        | 35.01             |
| <b>Total</b> | <b>95.95</b>                 | <b>98.65</b>      |

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 the Underlying Fund's investment in interest-bearing securities.

The following tables summarize 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, 2019 | 11,971,738            | -              | -                      | 11,971,738 |
| December 31, 2018 | 10,341,581            | -              | -                      | 10,341,581 |

As at December 31, 2019, 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 \$26,422 (\$19,965 as at December 31, 2018). 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, 2019 and December 31, 2018, 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, 2019            | December 31, 2018 |
| <b>Short-Term Investments</b>        |                              |                   |
| Treasury Bills                       | 44.2                         | 43.4              |
| Bankers' Acceptances                 | 26.4                         | 19.2              |
| Discount Commercial Paper            | 13.9                         | 13.1              |
| Promissory Notes                     | 6.4                          | 12.3              |
| Bearer Deposit Notes                 | 5.2                          | 10.7              |
| <b>Other Assets less Liabilities</b> | 3.9                          | 1.3               |
| <b>Total</b>                         | <b>100.0</b>                 | <b>100.0</b>      |

## 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, 2019 and December 31, 2018.

|              | December 31, 2019 |              |              | Total (\$) |
|--------------|-------------------|--------------|--------------|------------|
|              | Level 1 (\$)      | Level 2 (\$) | Level 3 (\$) |            |
| Mutual Funds | 12,013,282        | -            | -            | 12,013,282 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 investors 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, 2019 and December 31, 2018, 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, 2019 and 2018

|                                                                                       | December 31,<br>2019 (\$) | December 31,<br>2018 (\$) |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                         |                           |                           |
| <b>Current Assets</b>                                                                 |                           |                           |
| Investments (non-derivative financial assets) (note 2)                                | <b>25,749,869</b>         | 27,034,645                |
| Cash                                                                                  | <b>171,641</b>            | 6,587                     |
| Due from investment dealers                                                           | <b>11</b>                 | 19,562                    |
| Accrued interest                                                                      | -                         | -                         |
| Distributions receivable from underlying funds                                        | -                         | -                         |
| Subscriptions receivable                                                              | <b>1,231</b>              | 10,438                    |
|                                                                                       | <b>25,922,752</b>         | 27,071,232                |
| <b>Liabilities</b>                                                                    |                           |                           |
| <b>Current Liabilities</b>                                                            |                           |                           |
| Bank indebtedness                                                                     | -                         | -                         |
| Accrued expenses                                                                      | <b>460</b>                | 467                       |
| Redemptions payable                                                                   | -                         | 943                       |
| Distributions payable                                                                 | <b>1,481</b>              | 1,913                     |
| Due to investment dealers                                                             | <b>214</b>                | 14,574                    |
| Management fees payable                                                               | <b>2,997</b>              | 2,971                     |
| Income tax payable                                                                    | -                         | -                         |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | <b>5,152</b>              | 20,868                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                        | <b>25,917,600</b>         | 27,050,364                |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Series</b>             |                           |                           |
| Series A                                                                              | <b>3,846,403</b>          | 4,299,970                 |
| Series AT5                                                                            | <b>258,472</b>            | 240,157                   |
| Series F                                                                              | <b>827,104</b>            | 935,088                   |
| Series FT5                                                                            | <b>11,258</b>             | 9,804                     |
| Series I                                                                              | <b>17,621,396</b>         | 17,655,638                |
| Series O                                                                              | <b>3,352,967</b>          | 3,909,707                 |
| <b>Net Assets Attributable to Holders of Redeemable Shares per Share (note 4)</b>     |                           |                           |
| Series A                                                                              | <b>11.92</b>              | 10.98                     |
| Series AT5                                                                            | <b>13.02</b>              | 12.60                     |
| Series F                                                                              | <b>12.80</b>              | 11.66                     |
| Series FT5                                                                            | <b>13.52</b>              | 12.92                     |
| Series I                                                                              | <b>10.70</b>              | 9.65                      |
| Series O                                                                              | <b>11.76</b>              | 10.62                     |

Approved on behalf of the Board of Directors of the Corporation

|                         |                          |
|-------------------------|--------------------------|
| “signed” Jordy Chilcott | “signed” Kari Holdsworth |
| President               | Chief Financial Officer  |

## Statements of Comprehensive Income (Loss)

For the periods ended December 31

|                                                                                                                                            | 2019<br>(\$)     | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|
| <b>Investment Income</b>                                                                                                                   |                  |              |
| Interest income                                                                                                                            | <b>613</b>       | 1,441        |
| Distributions from underlying funds                                                                                                        | <b>694,472</b>   | 1,305,001    |
| <b>Changes in fair value on financial assets and financial liabilities at fair value through profit or loss</b>                            |                  |              |
| Net realized gain (loss) on sale of investments                                                                                            | <b>(14,555)</b>  | 109,239      |
| Change in unrealized appreciation (depreciation) in value of investments                                                                   | <b>3,274,434</b> | (3,141,099)  |
| <b>Net gains (losses) on investments</b>                                                                                                   | <b>3,954,964</b> | (1,725,418)  |
| <b>Total income (loss)</b>                                                                                                                 | <b>3,954,964</b> | (1,725,418)  |
| <b>Expenses (note 5)</b>                                                                                                                   |                  |              |
| Management fees                                                                                                                            | <b>97,052</b>    | 115,181      |
| Fixed annual administration fees                                                                                                           | <b>15,251</b>    | 17,565       |
| Independent review committee fees                                                                                                          | <b>113</b>       | 198          |
| Total operating expenses                                                                                                                   | <b>112,416</b>   | 132,944      |
| Fees waived/absorbed by the Manager                                                                                                        | -                | -            |
| <b>Operating Profit (Loss)</b>                                                                                                             | <b>3,842,548</b> | (1,858,362)  |
| <b>Finance Cost</b>                                                                                                                        |                  |              |
| Interest expense                                                                                                                           | -                | -            |
| <b>Net income (loss) before income taxes</b>                                                                                               | <b>3,842,548</b> | (1,858,362)  |
| Income taxes                                                                                                                               | -                | -            |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions)</b>            | <b>3,842,548</b> | (1,858,362)  |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series (Excluding Distributions)</b> |                  |              |
| Series A                                                                                                                                   | <b>518,840</b>   | (373,340)    |
| Series AT5                                                                                                                                 | <b>31,466</b>    | (22,428)     |
| Series F                                                                                                                                   | <b>118,526</b>   | (60,484)     |
| Series FT5                                                                                                                                 | <b>1,424</b>     | (196)        |
| Series I                                                                                                                                   | <b>2,623,884</b> | (1,123,380)  |
| Series O                                                                                                                                   | <b>548,408</b>   | (278,534)    |
| <b>Weighted Average Number of Shares Outstanding</b>                                                                                       |                  |              |
| Series A                                                                                                                                   | <b>358,770</b>   | 410,138      |
| Series AT5                                                                                                                                 | <b>19,759</b>    | 12,282       |
| Series F                                                                                                                                   | <b>68,144</b>    | 74,751       |
| Series FT5                                                                                                                                 | <b>787</b>       | 714          |
| Series I                                                                                                                                   | <b>1,756,644</b> | 1,672,272    |
| Series O                                                                                                                                   | <b>334,291</b>   | 356,793      |
| <b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share (Excluding Distributions)</b>  |                  |              |
| Series A                                                                                                                                   | <b>1.45</b>      | (0.91)       |
| Series AT5                                                                                                                                 | <b>1.59</b>      | (1.83)       |
| Series F                                                                                                                                   | <b>1.74</b>      | (0.81)       |
| Series FT5                                                                                                                                 | <b>1.81</b>      | (0.27)       |
| Series I                                                                                                                                   | <b>1.49</b>      | (0.67)       |
| Series O                                                                                                                                   | <b>1.64</b>      | (0.78)       |

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    |              |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|----------------|----------------|----------------|----------------|---------------|--------------|
|                                                                                                                          | 2019                | 2018             | 2019           | 2018           | 2019           | 2018           | 2019          | 2018         |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 4,299,970        | 5,883,674        | 240,157        | 95,760         | 935,088        | 643,555        | 9,804         | -            |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 518,840          | (373,340)        | 31,466         | (22,428)       | 118,526        | (60,484)       | 1,424         | (196)        |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                |                |               |              |
| Proceeds from redeemable shares issued                                                                                   | \$ 382,965          | 1,418,511        | 19,380         | 224,597        | 328,523        | 905,413        | -             | 10,000       |
| Redemption of redeemable shares                                                                                          | \$ (1,355,533)      | (2,626,117)      | (17,600)       | (44,928)       | (554,304)      | (551,912)      | -             | -            |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 171,453          | 379,449          | 8,541          | 10,393         | 34,662         | 74,355         | 999           | 1,279        |
| Capitalized distributions                                                                                                | \$ -                | -                | -              | -              | -              | -              | -             | -            |
|                                                                                                                          | \$ (801,115)        | (828,157)        | 10,321         | 190,062        | (191,119)      | 427,856        | 999           | 11,279       |
| Distributions to Holders of Redeemable Shares                                                                            |                     |                  |                |                |                |                |               |              |
| From capital gains                                                                                                       | \$ (68,582)         | (251,186)        | (3,977)        | (5,846)        | (13,286)       | (47,375)       | (160)         | (491)        |
| From net investment income                                                                                               | \$ (102,710)        | (131,021)        | (7,034)        | (7,479)        | (22,105)       | (28,464)       | (300)         | (298)        |
| Return of capital                                                                                                        | \$ -                | -                | (12,461)       | (9,912)        | -              | -              | (509)         | (490)        |
|                                                                                                                          | \$ (171,292)        | (382,207)        | (23,472)       | (23,237)       | (35,391)       | (75,839)       | (969)         | (1,279)      |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ (453,567)        | (1,583,704)      | 18,315         | 144,397        | (107,984)      | 291,533        | 1,454         | 9,804        |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 3,846,403</b> | <b>4,299,970</b> | <b>258,472</b> | <b>240,157</b> | <b>827,104</b> | <b>935,088</b> | <b>11,258</b> | <b>9,804</b> |
| Redeemable Share Transactions                                                                                            |                     |                  |                |                |                |                |               |              |
| Balance - beginning of period                                                                                            | 391,584             | 455,159          | 19,060         | 6,158          | 80,175         | 47,417         | 759           | -            |
| Shares issued                                                                                                            | 33,335              | 112,433          | 1,479          | 15,265         | 26,757         | 68,389         | -             | 667          |
| Shares issued on reinvestment of distributions                                                                           | 14,391              | 32,584           | 652            | 749            | 2,722          | 6,050          | 74            | 92           |
| Shares redeemed                                                                                                          | (116,569)           | (208,592)        | (1,343)        | (3,112)        | (45,050)       | (41,681)       | -             | -            |
| Balance - end of period                                                                                                  | <b>322,741</b>      | <b>391,584</b>   | <b>19,848</b>  | <b>19,060</b>  | <b>64,604</b>  | <b>80,175</b>  | <b>833</b>    | <b>759</b>   |

  

|                                                                                                                          | Series I             |                   | Series O         |                  | Total              |                    |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|------------------|------------------|--------------------|--------------------|
|                                                                                                                          | 2019                 | 2018              | 2019             | 2018             | 2019               | 2018               |
| Net Assets Attributable to Holders of Redeemable Shares at beginning of period                                           | \$ 17,655,638        | 16,803,650        | 3,909,707        | 4,433,840        | <b>27,050,364</b>  | <b>27,860,479</b>  |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations (Excluding Distributions) | \$ 2,623,884         | (1,123,380)       | 548,408          | (278,534)        | <b>3,842,548</b>   | <b>(1,858,362)</b> |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                  |                    |                    |
| Proceeds from redeemable shares issued                                                                                   | \$ 2,381,875         | 4,314,195         | 792,752          | 1,028,281        | 3,905,495          | 7,900,997          |
| Redemption of redeemable shares                                                                                          | \$ (5,040,002)       | (2,338,827)       | (1,897,919)      | (1,273,881)      | (8,865,358)        | (6,835,665)        |
| Reinvestment of distributions to holders of redeemable shares                                                            | \$ 765,280           | 1,347,515         | 152,019          | 317,219          | 1,132,954          | 2,130,210          |
| Capitalized distributions                                                                                                | \$ -                 | -                 | -                | -                | -                  | -                  |
|                                                                                                                          | \$ (1,892,847)       | 3,322,883         | (953,148)        | 71,619           | <b>(3,826,909)</b> | <b>3,195,542</b>   |
| Distributions to Holders of Redeemable Shares                                                                            |                      |                   |                  |                  |                    |                    |
| From capital gains                                                                                                       | \$ (294,909)         | (810,622)         | (62,331)         | (198,233)        | (443,245)          | (1,313,753)        |
| From net investment income                                                                                               | \$ (470,370)         | (536,893)         | (89,669)         | (118,985)        | (692,188)          | (823,140)          |
| Return of capital                                                                                                        | \$ -                 | -                 | -                | -                | (12,970)           | (10,402)           |
|                                                                                                                          | \$ (765,279)         | (1,347,515)       | (152,000)        | (317,218)        | <b>(1,148,403)</b> | <b>(2,147,295)</b> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares for the period                            | \$ (34,242)          | 851,988           | (556,740)        | (524,133)        | <b>(1,132,764)</b> | <b>(810,115)</b>   |
| Net Assets Attributable to Holders of Redeemable Shares at end of period                                                 | <b>\$ 17,621,396</b> | <b>17,655,638</b> | <b>3,352,967</b> | <b>3,909,707</b> | <b>25,917,600</b>  | <b>27,050,364</b>  |
| Redeemable Share Transactions                                                                                            |                      |                   |                  |                  |                    |                    |
| Balance - beginning of period                                                                                            | 1,830,476            | 1,513,084         | 368,169          | 362,176          | <b>2,690,223</b>   | <b>2,383,994</b>   |
| Shares issued                                                                                                            | 231,751              | 402,195           | 69,569           | 85,283           | 362,891            | 684,232            |
| Shares issued on reinvestment of distributions                                                                           | 73,095               | 134,671           | 13,221           | 28,737           | 104,155            | 202,883            |
| Shares redeemed                                                                                                          | (488,425)            | (219,474)         | (165,849)        | (108,027)        | (817,236)          | (580,886)          |
| Balance - end of period                                                                                                  | <b>1,646,897</b>     | <b>1,830,476</b>  | <b>285,110</b>   | <b>368,169</b>   | <b>2,340,033</b>   | <b>2,690,223</b>   |

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

|                                                                                                                          | 2019<br>(\$)       | 2018<br>(\$) |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                                                              |                    |              |
| Increase (decrease) in net assets attributable to holders of redeemable shares from operations (excluding distributions) | <b>3,842,548</b>   | (1,858,362)  |
| Adjustments for:                                                                                                         |                    |              |
| Net realized (gain) loss on sale of investments                                                                          | <b>14,555</b>      | (109,239)    |
| Change in unrealized (appreciation) depreciation in value of investments                                                 | <b>(3,274,434)</b> | 3,141,099    |
| Non-cash income distributions from underlying funds                                                                      | <b>(694,472)</b>   | (1,305,001)  |
| Purchases of investments                                                                                                 | <b>(2,150,531)</b> | (5,412,143)  |
| Proceeds from sale of investments                                                                                        | <b>7,394,849</b>   | 4,534,329    |
| Change in accrued interest                                                                                               | -                  | -            |
| Change in distributions receivable from underlying funds                                                                 | -                  | -            |
| Change in management fees payable                                                                                        | <b>26</b>          | (422)        |
| Change in other payables and accrued expenses                                                                            | <b>(7)</b>         | (17)         |
| Change in income tax payable                                                                                             | -                  | -            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                                               | <b>5,132,534</b>   | (1,009,756)  |
| <b>Cash Flows from Financing Activities</b>                                                                              |                    |              |
| Distributions paid to holders of redeemable shares, net of reinvested distributions                                      | <b>(15,881)</b>    | (15,239)     |
| Proceeds from redeemable shares issued                                                                                   | <b>3,914,702</b>   | 7,912,246    |
| Redemption of redeemable shares                                                                                          | <b>(8,866,301)</b> | (6,834,722)  |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                                               | <b>(4,967,480)</b> | 1,062,285    |
| Net increase (decrease) in cash                                                                                          | <b>165,054</b>     | 52,529       |
| Cash (bank indebtedness) at beginning of period                                                                          | <b>6,587</b>       | (45,942)     |
| <b>Cash (bank indebtedness) at end of period</b>                                                                         | <b>171,641</b>     | 6,587        |
| Interest received                                                                                                        | <b>613</b>         | 1,441        |
| Interest paid                                                                                                            | -                  | -            |
| Income taxes paid                                                                                                        | -                  | -            |

## Schedule of Investments

As at December 31, 2019

|                                      | Number<br>of Shares | Average<br>Cost (\$) | Fair<br>Value (\$) | % of Total<br>Net Assets |
|--------------------------------------|---------------------|----------------------|--------------------|--------------------------|
| <b>MUTUAL FUNDS</b>                  |                     |                      |                    |                          |
| Sun Life Sentry Value Fund, Series I | 1,768,827           | 24,909,035           | 25,749,869         |                          |
|                                      |                     | <b>24,909,035</b>    | <b>25,749,869</b>  | <b>99.35</b>             |
| <b>Total Investments</b>             |                     | <b>24,909,035</b>    | <b>25,749,869</b>  | <b>99.35</b>             |
| <b>Other Assets less Liabilities</b> |                     |                      | <b>167,731</b>     | <b>0.65</b>              |
| <b>Total Net Assets</b>              |                     |                      | <b>25,917,600</b>  | <b>100.00</b>            |

## 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 8 to the financial statements.

### (a) Credit risk

As at December 31, 2019 and December 31, 2018, 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 Fund is exposed indirectly to credit risk to the extent the Underlying Fund invests in underlying funds holding interest-bearing securities.

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, 2019 and December 31, 2018 are noted below:

|               | Percentage of Net Assets (%) |                      |
|---------------|------------------------------|----------------------|
|               | December 31,<br>2019         | December 31,<br>2018 |
| <b>Rating</b> |                              |                      |
| AAA/Aaa       | 0.11                         | -                    |
| AA/Aa         | 0.18                         | -                    |
| Not Rated     | -                            | 2.69                 |
| <b>Total</b>  | <b>0.29</b>                  | <b>2.69</b>          |

*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, 2019 and December 31, 2018. Amounts shown are based on the fair value of monetary and non-monetary assets.

|                      | December 31, 2019                         |                              | December 31, 2018                         |                              |
|----------------------|-------------------------------------------|------------------------------|-------------------------------------------|------------------------------|
|                      | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) | Holdings Exposed to Currency Risk (\$CAD) | Percentage of Net Assets (%) |
| United States Dollar | 7,372,040                                 | 28.44                        | 2,658,117                                 | 9.83                         |
| <b>Total</b>         | <b>7,372,040</b>                          | <b>28.44</b>                 | <b>2,658,117</b>                          | <b>9.83</b>                  |

As at December 31, 2019, 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 \$368,602 (\$132,906 as at December 31, 2018). 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 the Underlying Fund's investment in interest-bearing securities.

The following tables summarize 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, 2019 | -                     | -              | -                      | -          |
| December 31, 2018 | -                     | -              | 726,586                | 726,586    |

As at December 31, 2019, 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 \$nil (\$52,233 as at December 31, 2018). 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 equities.

As at December 31, 2019, 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 \$1,269,892 (\$1,171,382 as at December 31, 2018). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Liquidity risk

As at December 31, 2019 and December 31, 2018, 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:

|                                        | Percentage of Net Assets (%) |                   |
|----------------------------------------|------------------------------|-------------------|
|                                        | December 31, 2019            | December 31, 2018 |
| <b>Portfolio by Category</b>           |                              |                   |
| <b>Bonds</b>                           |                              |                   |
| Corporate Bonds                        | -                            | 2.7               |
| <b>Equities</b>                        |                              |                   |
| Energy                                 | 9.3                          | 11.4              |
| Industrials                            | 10.4                         | 13.1              |
| Consumer Discretionary                 | 11.6                         | 3.5               |
| Consumer Staples                       | 6.4                          | 7.1               |
| Health Care                            | 6.5                          | 5.3               |
| Real Estate                            | 4.2                          | 14.8              |
| Financials                             | 22.3                         | 6.5               |
| Information Technology                 | 14.7                         | 5.8               |
| Materials                              | 2.4                          | 4.4               |
| Communication Services                 | 6.3                          | 12.2              |
| Utilities                              | 3.9                          | 2.5               |
| <b>Derivative Assets (Liabilities)</b> | 0.3                          | (0.4)             |
| <b>Other Assets less Liabilities</b>   | 1.7                          | 11.1              |
| <b>Total</b>                           | <b>100.0</b>                 | <b>100.0</b>      |

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, 2019 and December 31, 2018.

| December 31, 2019 |              |              |              |            |
|-------------------|--------------|--------------|--------------|------------|
|                   | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Mutual Funds      | 25,749,869   | -            | -            | 25,749,869 |

  

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

There were no transfers between fair value levels during the periods from January 1 to December 31, 2019 and January 1 to December 31, 2018.

## 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 Manager

Sun Life Global Investments (Canada) Inc. (the "Manager") is the issuer of the Fund. Investment by the Manager in the Fund is for the purposes of regulatory seed money investments. As at December 31, 2019 and December 31, 2018, the Manager held the following positions in the Fund:

| December 31, 2019 |        |                   |
|-------------------|--------|-------------------|
|                   | Shares | Market Value (\$) |
| Series FT5        | 833    | 11,258            |
| Series I          | 1,256  | 13,441            |

  

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

The following are transactions in the Fund by the Manager from January 1 to December 31, 2019 and January 1 to December 31, 2018. If applicable, distributions were reinvested into shares of the same Series of the same Fund.

| December 31, 2019 |                |                  |                    |
|-------------------|----------------|------------------|--------------------|
|                   | Purchases (\$) | Redemptions (\$) | Distributions (\$) |
| Series AT5        | -              | -                | -                  |
| Series F          | -              | -                | -                  |
| Series FT5        | 27             | -                | 969                |
| Series I          | -              | -                | 548                |

  

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

## 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 investors 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, 2019 and December 31, 2018, the Fund had significant interests in the Underlying Fund as noted in the following tables:

| As at December 31, 2019              |                              |                                      |
|--------------------------------------|------------------------------|--------------------------------------|
| Underlying Fund                      | Percentage of Net Assets (%) | Percentage of Ownership Interest (%) |
| Sun Life Sentry Value Fund, Series I | 99                           | 30                                   |

  

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

*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.*

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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## 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”) is the Manager of the Funds. The Manager 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 5.

The financial statements of the Funds include the Schedule of Investments for each Fund as at December 31, 2019, the Statements of Financial Position as at December 31, 2019 and December 31, 2018, 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, 2019 and 2018. 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, 2019 were authorized on March 23, 2020 for issue in accordance with the resolution approved by the Board of Directors of the Corporation.

## 2. 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.

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, *Financial Instruments* (“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;

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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- 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.

## **(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) 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.

## **(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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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**(e) 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.

**(f) 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).

**(g) 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.

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.

**(h) 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.

**(i) Revenue recognition**

Income, realized gain (loss) and unrealized gain (loss) are allocated among the series of a Fund on a pro-rata basis.

**(j) 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.

**(k) 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.

**(l) 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 5.

## 3. 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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

## 4. 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.

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.

## 5. 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.

|                                                                            | Maximum Annual Management Fees |                      |                      |                    |                      |                      |
|----------------------------------------------------------------------------|--------------------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
|                                                                            | Series A<br>shares             | Series AT5<br>shares | Series AT8<br>shares | Series F<br>shares | Series FT5<br>shares | Series FT8<br>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 Invesco Canadian Class (formerly Sun Life Trimark Canadian Class) | 2.00%                          | 2.00%                | -                    | 1.00%              | 1.00%                | -                    |
| Sun Life MFS Canadian Equity Growth 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%                | -                    |

\* 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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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:

| 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 Invesco Canadian Class (formerly Sun Life Trimark Canadian Class) | 1.00%            |
| Sun Life BlackRock Canadian Equity Class           | 0.50%            | Sun Life MFS Canadian Equity Growth Class                                  | 0.80%            |
| Sun Life Dynamic Equity Income Class               | 0.75%            | Sun Life MFS Dividend Income Class                                         | 0.70%            |
| Sun Life Dynamic Strategic Yield Class             | 0.85%            | Sun Life MFS Global Growth Class                                           | 0.85%            |
| Sun Life Franklin Bissett Canadian Equity Class    | 1.00%            | Sun Life MFS International Growth Class                                    | 0.85%            |
| Sun Life Granite Balanced Class                    | 0.80%            | Sun Life MFS U.S. Growth Class                                             | 0.85%            |
| Sun Life Granite Balanced Growth Class             | 0.85%            | Sun Life Money Market Class**                                              | 0.75%            |
| Sun Life Granite Conservative Class                | 0.75%            | Sun Life Sentry Value Class                                                | 0.80%            |
| Sun Life Granite Growth Class                      | 0.90%            |                                                                            |                  |

\* Each Series O investor pays a management fee directly to the Manager and is eligible for management fee reductions, if applicable, based on the value of shares held in a 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 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. The Manager may choose to absorb some portion of the operating expenses.

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 |                   |                   |                 |                   |                   |          |          |
|----------------------------------------------------------------------------|----------------------------|-------------------|-------------------|-----------------|-------------------|-------------------|----------|----------|
|                                                                            | Series A shares            | Series AT5 shares | Series AT8 shares | Series F shares | Series FT5 shares | Series FT8 shares | Series I | Series O |
| Sun Life BlackRock Canadian Balanced Class                                 | 0.10%                      | 0.10%             | -                 | 0.05%           | 0.05%             | -                 | -        | 0.05%    |
| Sun Life BlackRock Canadian Composite Equity Class                         | 0.10%                      | 0.10%             | -                 | 0.05%           | 0.05%             | -                 | 0.05%    | 0.05%    |
| Sun Life BlackRock Canadian Equity Class                                   | 0.10%                      | 0.10%             | 0.10%             | 0.05%           | 0.05%             | 0.05%             | 0.05%    | 0.05%    |
| Sun Life Dynamic Equity Income Class                                       | 0.15%                      | 0.15%             | -                 | 0.15%           | 0.15%             | -                 | 0.05%    | 0.15%    |
| Sun Life Dynamic Strategic Yield Class                                     | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | 0.05%    | 0.15%    |
| Sun Life Franklin Bissett Canadian Equity Class                            | 0.20%                      | 0.20%             | -                 | 0.20%           | 0.20%             | -                 | 0.05%    | 0.20%    |
| Sun Life Granite Balanced Class                                            | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | -        | 0.15%    |
| Sun Life Granite Balanced Growth Class                                     | 0.20%                      | 0.20%             | 0.20%             | 0.15%           | 0.15%             | 0.15%             | -        | 0.15%    |
| Sun Life Granite Conservative Class                                        | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | -        | 0.15%    |
| Sun Life Granite Growth Class                                              | 0.20%                      | 0.20%             | 0.20%             | 0.15%           | 0.15%             | 0.15%             | -        | 0.15%    |
| Sun Life Granite Moderate Class                                            | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | -        | 0.15%    |
| Sun Life Invesco Canadian Class (formerly Sun Life Trimark Canadian Class) | 0.20%                      | 0.20%             | -                 | 0.20%           | 0.20%             | -                 | 0.05%    | 0.20%    |
| Sun Life MFS Canadian Equity Growth Class                                  | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | -        | 0.15%    |
| Sun Life MFS Dividend Income Class                                         | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | 0.05%    | 0.15%    |
| Sun Life MFS Global Growth Class                                           | 0.20%                      | 0.20%             | 0.20%             | 0.15%           | 0.15%             | 0.15%             | -        | 0.15%    |
| Sun Life MFS International Growth Class                                    | 0.20%                      | 0.20%             | 0.20%             | 0.15%           | 0.15%             | 0.15%             | -        | 0.15%    |
| Sun Life MFS U.S. Growth Class                                             | 0.20%                      | 0.20%             | 0.20%             | 0.15%           | 0.15%             | 0.15%             | -        | 0.15%    |
| Sun Life Money Market Class*                                               | 0.05%                      | -                 | -                 | 0.05%           | -                 | -                 | -        | 0.05%    |
| Sun Life Sentry Value Class                                                | 0.20%                      | 0.20%             | -                 | 0.15%           | 0.15%             | -                 | 0.05%    | 0.15%    |

\* 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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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## 6. 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 rate 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 capital 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, 2019.

## 7. Related Party Transactions

The Manager 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 "Fixed Annual Administration Fees" in each Fund's Statements of Comprehensive Income (Loss).

Certain Funds may invest in units of other funds which are also managed by Sun Life Global Investments (Canada) Inc., a related party. For a listing of each Fund's holdings, please see the Schedule of Investment Portfolio included within the Fund's Financial Statements.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc.

## 8. 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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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## (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.

## (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.

# Notes to the Financial Statements

For the periods ended December 31, 2019 and December 31, 2018

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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.

## 9. Comparative Balances

The comparative period 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 Invesco Canadian Class (formerly Sun Life Trimark Canadian Class)  
Sun Life MFS Canadian Equity Growth 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

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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](http://www.sunlifeglobalinvestments.com) or [www.sedar.com](http://www.sedar.com).

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I L L U M I N A T I N G