

# Sun Life JPMorgan International Equity Fund

FUND COMMENTARY | Q4 2020

*Opinions and commentary provided by JPMorgan Asset Management.*

---

## Market review

Global equities rallied in the fourth quarter on breakthroughs in several vaccines for COVID-19. Optimism over Joe Biden's victory in the U.S. presidential election, news of additional U.S. fiscal stimulus measures and a Brexit agreement also lifted sentiment. However, as a new and more contagious strain of the novel coronavirus ignited fears of travel restrictions and further lockdowns, markets pared back some gains. In the Eurozone, business activity has shown resiliency where a stronger manufacturing output growth helped to counter the weakness in service sector activity. The European Union (EU) recovery fund of EUR 1.8 trillion was agreed by EU leaders and the funds are expected to be available in the middle of 2021. Furthermore, the European Central Bank increased the size of its planned asset purchases by EUR 500 billion to EUR 1,850 billion, extending the time horizon to make these purchases. Among equities, value stocks outperformed growth stocks as investors piled into cyclical sectors. Emerging markets outperformed developed markets over the quarter.

## Portfolio review

The portfolio underperformed its benchmark in the fourth quarter of 2020. At a sector level, stock selection in industrials and consumer staples detracted from performance, while stock selection in financials and information technology contributed to performance. At the region level, stock selection in continental Europe and the U.K. detracted from performance, while stock selection in Japan and the Pacific Rim contributed to performance

## Outlook

Even as the pandemic appears to be worsening in the U.S. and in Europe, policy makers have worked hard to build a bridge over troubled waters with stimulus programs, helping uplift consumer and business confidence and market valuations. Given the dearth of competing opportunities with persistently low interest rates, equities continue to be a preferred asset class. As vaccines roll out globally and pent-up demand is unleashed, the second half of 2021 should see significant upside in consumption. The portfolio manager sees earnings for global corporations rebounding over this year to nearly their pre-pandemic levels. Cyclically geared markets, sectors and companies, which have been in the eye of the storm, may benefit, but the portfolio manager believes it is crucial to differentiate cyclical from structural headwinds and tailwinds as the recovery takes shape.

See next page for Fund performance ▶

## Fund performance

| COMPOUND RETURNS % <sup>1</sup>                        | SINCE INCEPTION <sup>2</sup> | 1 YEAR | Q4   |
|--|------------------------------|--------|------|
| Sun Life JPMorgan International Equity Fund - Series A | 8.0                          | 11.1   | 8.6  |
| Sun Life JPMorgan International Equity Fund - Series F | 9.3                          | 12.4   | 9.0  |
| MSCI ACWI ex U.S. Index                                | 4.4                          | 8.7    | 11.6 |

<sup>1</sup>Returns for periods longer than one year are annualized. Data as of December 31, 2020.

<sup>2</sup>Partial calendar year. Returns are for the period from the fund's inception date of July 20, 2018 to December 31, 2018.

Views expressed are those of JPMorgan Asset Management (Canada) Inc., sub-advisor to select Sun Life mutual funds for which SLGI Asset Management Inc. acts as portfolio manager. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any mutual funds managed by SLGI Asset Management Inc. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell. This commentary is provided for information purposes only and is not intended to provide specific individual financial, investment, tax or legal advice. Information contained in this commentary has been compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made with respect to its timeliness or accuracy.

This commentary may contain forward-looking statements about the economy and markets, their future performance, strategies or prospects or events and are subject to uncertainties that could cause actual results to differ materially from those expressed or implied in such statements. Forward-looking statements are not guarantees of future performance and are speculative in nature and cannot be relied upon.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

While Series A and Series F securities have the same reference portfolio, any difference in performance between these series is due primarily to differences in management fees and operating fees. The management fee for Series A securities also includes the trailing commission, while Series F securities does not. Series A securities of the fund are available for purchase to all investors, while Series F securities are only available to investors in an eligible fee-based or wrap program with their registered dealer. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

Sun Life Global Investments is a trade name of SLGI Asset Management Inc., Sun Life Assurance Company of Canada and Sun Life Financial Trust Inc. SLGI Asset Management Inc. is the investment manager of the Sun Life Mutual Funds, Sun Life Granite Managed Solutions and Sun Life Private Investment Pools.

© SLGI Asset Management Inc. and its licensors, 2021. SLGI Asset Management Inc. is a member of the Sun Life group of companies. All rights reserved.