

# Sun Life Excel Emerging Markets Fund

## FUND REVIEW | Q3 2018

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and Morningstar; opinions and data as of September 30, 2018.

### CATEGORY<sup>1</sup>

Emerging markets equity

### INVESTMENT OBJECTIVE

The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of companies with a connection to emerging markets.

### MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

### SUB-ADVISOR

Schroder Investment Management  
North America Inc.  
New York, New York, U.S.A.

### INCEPTION DATE

September 1, 2011

### TOTAL ASSETS

\$621,701,402

### BENCHMARK

MSCI Emerging Markets Index

### PERFORMANCE SUMMARY

Opinions and data for "PERFORMANCE SUMMARY" provided by Schroder Investment Management.

Sun Life Excel Emerging Markets Fund (Series A) returned -2.9% in the third quarter, underperforming its benchmark by roughly 0.1 percentage point.

Country allocation had a positive impact on relative performance. The overweight to Greece, which underperformed, and underweights to Mexico and Taiwan, both of which outperformed, detracted value. This was mostly offset by overweights to Poland and Russia, which both outperformed, and the underweight to South Africa, which underperformed.

Stock selection was positive overall. Chinese stock selection added the most value due to overweight positions in Sinopec (the oil company posted strong results), CNOOC (the crude oil and natural gas producer benefited from rising oil prices) and AIA Group (the insurance group's growth continues, with additional opportunities from potential deregulation in China). Stock selection was also positive in Korea, mainly due to the underweight to SK Hynix (the electronic component manufacturer underperformed on concerns over DRAM cycle peaking) and the overweight to NCsoft (the gaming company's stock rose on expectations of new launches).

These positives were offset somewhat by negative stock selection in Russia, which detracted value due to the overweight to Sberbank (potentially faces risk of further U.S. sanctions). Stock selection was also negative in India where the overweights to Maruti Suzuki (the auto manufacturer's sales growth decelerated) and HDFC Bank (underperformed following a share issuance during the quarter) and the underweight to Reliance Industries (the energy conglomerate reported strong earnings from refining) detracted value.

<sup>1</sup>Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

PERFORMANCE<sup>2</sup>

## SERIES A

COMPOUND RETURNS % <sup>2</sup>	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Fund	-2.94	-8.60	1.75	10.20	6.96	0.84
Benchmark	-2.81	-8.73	2.52	11.00	8.47	6.79
+ / -	-0.13	0.13	-0.76	-0.80	-1.52	-5.95

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011 <sup>3</sup>
Fund	-4.97	29.24	4.58	2.13	2.07	-2.75	-7.08	-12.31
Benchmark	-4.76	28.26	7.34	2.04	6.63	3.93	15.61	-7.11
+ / -	-0.22	0.97	-2.76	0.09	-4.55	-6.68	-22.68	-5.20

RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.58	0.94	11.44	0.99	92.48	99.14
Benchmark	0.68	1.00	11.83	1.22	100.00	100.00

## SERIES F

COMPOUND RETURNS % <sup>2</sup>	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Fund	-2.69	-8.12	2.82	11.40	8.09	1.90
Benchmark	-2.81	-8.73	2.52	11.00	8.47	6.79
+ / -	0.13	0.61	0.31	0.40	-0.38	-4.88

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011 <sup>3</sup>
Fund	-4.23	30.63	5.77	3.20	3.09	-1.77	-6.07	-12.02
Benchmark	-4.76	28.26	7.34	2.04	6.63	3.93	15.61	-7.11
+ / -	0.52	2.37	-1.57	1.16	-3.54	-5.70	-21.67	-4.91

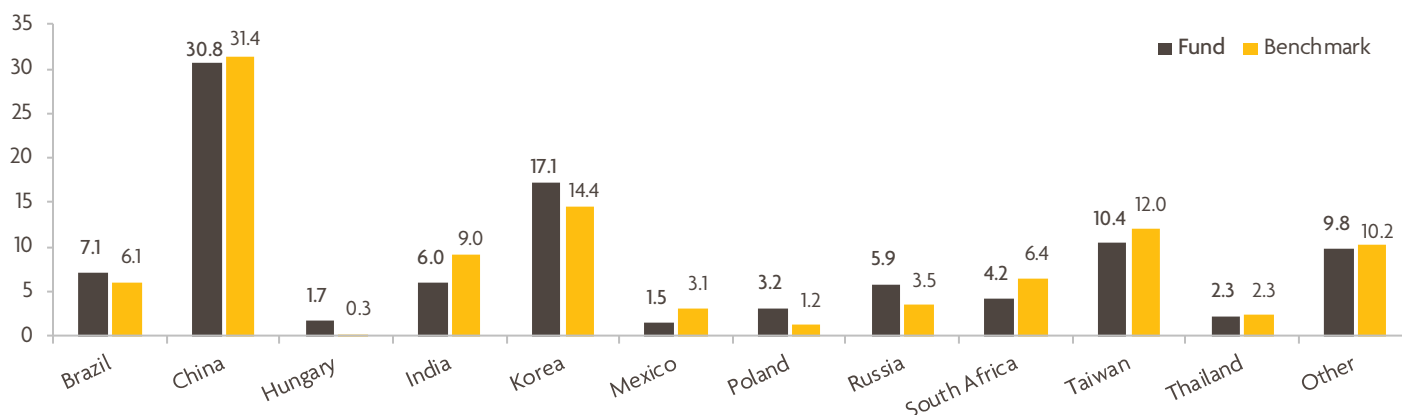
RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.67	0.94	11.44	1.18	95.42	95.42
Benchmark	0.68	1.00	11.83	1.22	100.00	100.00

<sup>2</sup>Returns for periods longer than one year are annualized. 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. 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 includes the trailing commission, while Series F securities does not. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

<sup>3</sup>Partial calendar year. Returns are for the period from the fund's inception date of September 1, 2011 to December 31, 2011.

<sup>4</sup>Data based on 5-year period ending September 30, 2018.

## GEOGRAPHIC BREAKDOWN (%)



Source: Schroder Investment Management

## ATTRIBUTION ANALYSIS | GEOGRAPHIC (SERIES F)

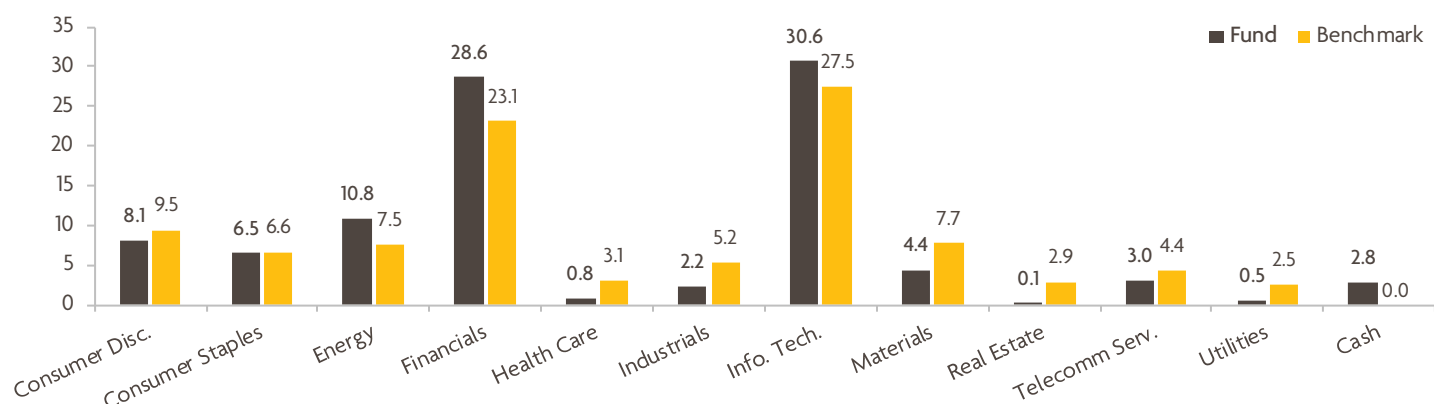
COUNTRY	COUNTRY WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Brazil	7.11	6.10	1.01	3.95	4.23	-0.28
China	30.79	31.38	-0.60	-5.23	-9.11	3.89
Hungary	1.72	0.28	1.44	2.61	2.83	-0.23
India	6.02	9.05	-3.03	-7.31	-3.95	-3.37
Korea	17.14	14.42	2.72	-0.13	-1.06	0.93
Mexico	1.47	3.13	-1.66	-0.76	5.05	-5.81
Poland	3.18	1.19	1.99	7.46	8.72	-1.27
Russia	5.88	3.46	2.42	0.03	4.31	-4.28
South Africa	4.21	6.42	-2.21	-10.18	-9.01	-1.17
Taiwan	10.40	11.98	-1.57	4.08	4.69	-0.61
Thailand	2.27	2.35	-0.08	9.54	11.78	-2.24
Other	9.81	10.24	-0.44	-	-	-

COUNTRY	SECURITY SELECTION %	COUNTRY ALLOCATION %	TOTAL %
Brazil	-0.03	0.05	0.02
China	1.25	0.06	1.30
Hungary	0.00	0.08	0.08
India	-0.22	0.03	-0.19
Korea	0.16	0.02	0.18
Mexico	-0.09	-0.14	-0.23
Poland	-0.03	0.22	0.19
Russia	-0.26	0.11	-0.14
South Africa	-0.04	0.14	0.10
Taiwan	-0.10	-0.12	-0.22
Thailand	-0.04	-0.01	-0.04
Other	-0.13	-0.42	-0.56

Attribution analysis measures the effect of active management on fund performance relative to the benchmark. For example, "security selection" quantifies the manager's contribution to relative performance, either positive or negative, as decisions are made about which securities to hold, and whether to overweight or underweight those securities relative to the benchmark. "Security selection" and "country allocation" values may not reconcile with the "total" value across rows due to rounding or other effects.

Source: Schroder Investment Management

## SECTOR BREAKDOWN (%)



Source: Schroder Investment Management

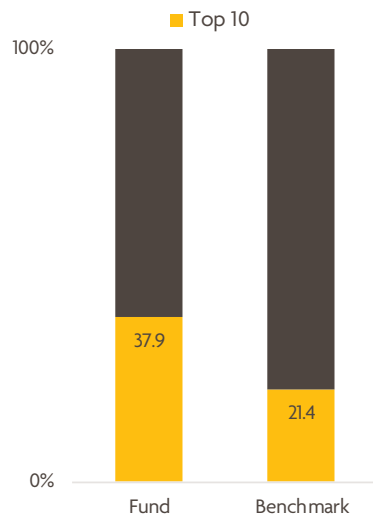
## ATTRIBUTION ANALYSIS | SECTOR (SERIES F)

SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	8.08	9.45	-1.38	-10.19	-12.02	1.83
Consumer Staples	6.47	6.63	-0.16	-8.36	-4.47	-3.90
Energy	10.82	7.54	3.28	11.85	12.31	-0.46
Financials	28.61	23.09	5.52	-2.15	-0.44	-1.71
Health Care	0.81	3.08	-2.27	-7.92	-8.76	0.84
Industrials	2.22	5.24	-3.02	3.59	0.97	2.62
Information Technology	30.65	27.50	3.15	-5.26	-6.23	0.97
Materials	4.39	7.73	-3.34	8.69	2.42	6.26
Real Estate	0.10	2.90	-2.80	-1.14	-7.25	6.11
Telecomm Services	3.01	4.37	-1.36	-5.59	-0.14	-5.44
Utilities	0.53	2.48	-1.94	-7.80	-3.61	-4.19
Cash	2.85	0.00	2.85	3.82	0.00	3.82

SECTOR	SECURITY SELECTION %	SECTOR ALLOCATION %	TOTAL %
Consumer Discretionary	0.17	0.13	0.30
Consumer Staples	-0.25	0.00	-0.25
Energy	-0.01	0.48	0.47
Financials	-0.51	0.12	-0.39
Health Care	0.00	0.15	0.15
Industrials	0.05	-0.11	-0.06
Information Technology	0.29	-0.11	0.18
Materials	0.26	-0.18	0.08
Real Estate	0.01	0.12	0.13
Telecomm Services	-0.16	-0.04	-0.20
Utilities	-0.02	0.02	0.00
Cash	0.00	0.14	0.14

Source: Schroder Investment Management

## HOLDINGS ANALYSIS



### TOP 10 HOLDINGS

	FUND %	BENCHMARK %	+ / -
SAMSUNG ELECTRONICS	6.68	3.89	2.79
TAIWAN SEMICONDUCTOR	6.09	4.09	2.00
TENCENT HOLDINGS	5.81	4.54	1.27
ALIBABA GROUP HOLDING	4.37	3.68	0.70
CHINA CONST BK	3.49	1.62	1.87
LUKOIL PJSC - ADR	3.05	0.63	2.42
CHINA PETROLEUM & CHEMICAL CORP	2.58	0.49	2.08
AIA GROUP	2.35	0.00	2.35
INFOSYS	1.77	0.68	1.09
NASPERS	1.75	1.82	-0.07
<b>Top 10 holdings % of net assets</b>	<b>37.95</b>	<b>21.44</b>	
<b>Total # fund holdings</b>	<b>101</b>		

Holdings may change at any time without notice.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. 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.

This quarterly review is published by Sun Life Global Investments (Canada) Inc. and contains information in summary form. Although information has been obtained from sources believed to be reliable, Sun Life Global Investments (Canada) Inc. cannot guarantee its accuracy or completeness. Information is subject to change. The quarterly review should not be construed as providing specific individual financial, investment, tax, or legal advice. Investors should speak with their professional advisors before acting on any information contained in this document. Please note, any future or forward looking statements contained in this quarterly review are speculative in nature and cannot be relied upon. There is no guarantee that these events will occur or in the manner speculated.

© 2018 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.