

Sun Life Excel India Fund

FUND REVIEW | Q3 2018

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

CATEGORY¹

Geographic equity

INVESTMENT OBJECTIVE

To seek long-term superior growth of capital. The Fund will invest its assets primarily in equity securities of companies located in India through a “fund-of-fund” arrangement with India Excel (Mauritius) Fund.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

Aditya Birla Sun Life Asset Management Company Pte. Ltd., Singapore

INCEPTION DATE

Series A: April 14, 1998

Series F: January 4, 2005

TOTAL ASSETS

\$307,096,038

BENCHMARK

MSCI India Index

PERFORMANCE SUMMARY

Sun Life Excel India Fund (Series A) returned -8.3% in the third quarter, underperforming its benchmark by roughly 4.3 percentage points.

The MSCI India Index performed well for much of the year – up 13% at the beginning of September, before falling 9% during that month alone. The sharp decline in Indian equities was driven mainly by local factors, with rising oil prices translating into increased domestic fuel prices, and along with it, inflation concerns. The rising cost of crude also caused the country’s trade deficit to widen.

While Indian equity markets stabilized with optimism over corporate earnings growth, the portfolio manager expects volatility to continue. Besides global events, the manager believes domestic issues could trigger volatility, including the possibility that the Reserve Bank of India may continue to raise interest rates and the outcome of state elections is uncertain.

To position the portfolio more defensively during the quarter, the manager reduced the fund’s overweight position in financials and increased its weighting in energy, but is still underweighting the sector. As well, the manager increased exposure to the technology sector where companies are export driven and may benefit from a weaker Indian rupee.

Key contributors

- An overweight position in consumer discretionary contributed to overall performance.
- Underweight allocation to telecommunications companies contributed to performance, with the sector continuing to deliver negative returns.

Key detractors

- The fund’s underweight position in energy dampened relative performance with oil prices increasing throughout the quarter.
- Overweight to financial equities, which fell over concerns surrounding the liquidity of non-banking financial companies. Private banks also faced price volatility when the Reserve Bank of India intervened to support the sector.

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

PERFORMANCE

SERIES A

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Fund	-8.28	-7.74	-2.78	6.09	18.54	9.24	10.82
Benchmark*	-3.95	-2.59	4.48	5.71	14.81	8.63	10.37
+ / -	-4.33	-5.15	-7.26	0.38	3.73	0.62	0.45

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011
Fund	-12.88	35.54	-0.93	14.58	52.56	-1.77	15.52	-33.54
Benchmark*	-6.73	29.64	-4.84	12.59	35.03	2.62	23.18	-35.61
+ / -	-6.15	5.90	3.91	1.99	17.53	-4.39	-7.66	2.07

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.92	1.03	19.94	1.59	106.64	93.88
Benchmark*	0.79	1.00	18.77	1.38	100.00	100.00

SERIES F

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Fund	-8.01	-7.20	-1.71	7.26	19.85	10.45	9.18
Benchmark*	-3.95	-2.59	4.48	5.71	14.81	8.63	10.40
+ / -	-4.06	-4.62	-6.20	1.55	5.04	1.82	-1.22

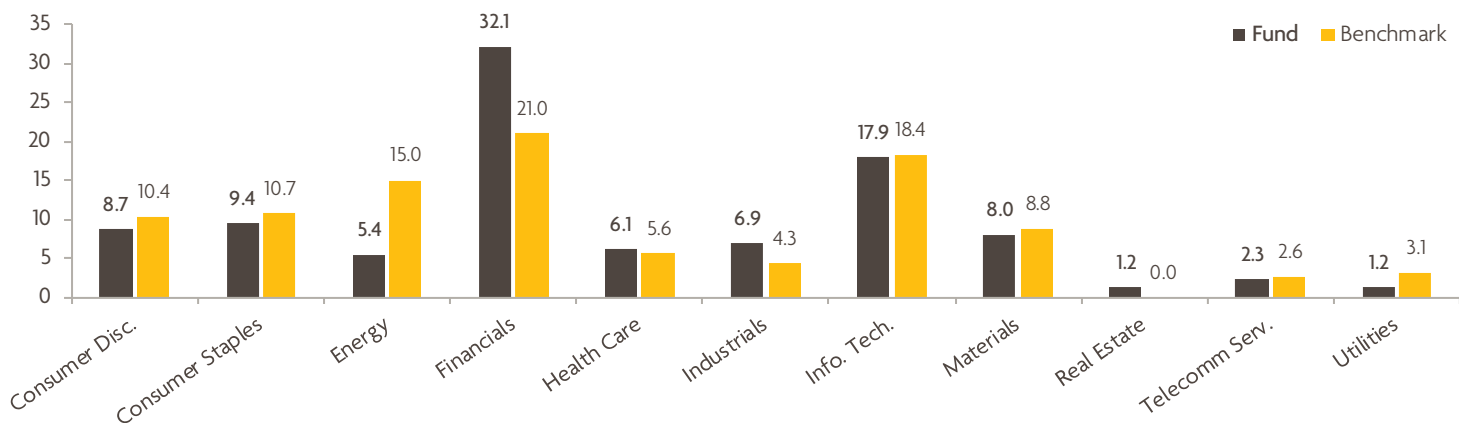
CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011
Fund	-12.17	37.08	0.12	15.94	54.19	-0.55	16.66	-32.74
Benchmark*	-6.73	29.64	-4.84	12.59	35.03	2.62	23.18	-35.61
+ / -	-5.44	7.44	4.96	3.35	19.16	-3.17	-6.51	2.87

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.97	1.03	19.96	1.71	108.90	91.72
Benchmark*	0.79	1.00	18.77	1.38	100.00	100.00

*On June 15, 2018, the benchmark was changed from the SENSEX Index to the MSCI India Index. The MSCI India Index is used as the benchmark for all historical calculations.

²Returns 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. ³Data based on 5-year period ending September 30, 2018.

SECTOR BREAKDOWN (%)



Source: Citibank India

ATTRIBUTION ANALYSIS* (SERIES F)

SECTOR	SECTOR WEIGHT		
	FUND %	BENCHMARK %**	+/-
Consumer Discretionary	8.7	10.4	-1.7
Consumer Staples	9.4	10.7	-1.3
Energy	5.4	15.0	-9.6
Financials	32.1	21.0	11.1
Health Care	6.1	5.6	0.5
Industrials	6.9	4.3	2.6
Information Technology	17.9	18.4	-0.5
Materials	8.0	8.8	-0.8
Real Estate	1.2	0.0	1.2
Telecomm Services	2.3	2.6	-0.3
Utilities	1.2	3.1	-1.9

SECTOR	SECURITY	SECTOR	TOTAL %
	SELECTION %	ALLOCATION %	
Consumer Discretionary	0.1	0.5	0.6
Consumer Staples	0.1	-0.3	-0.2
Energy	-0.6	-1.4	-2.0
Financials	-0.9	-1.5	-2.4
Health Care	0.5	0.3	0.7
Industrials	-0.2	-0.4	-0.6
Information Technology	0.4	-1.9	-1.5
Materials	-0.4	-0.3	-0.7
Real Estate	0.0	0.3	0.3
Telecomm Services	0.1	0.3	0.4
Utilities	-0.6	0.1	-0.6

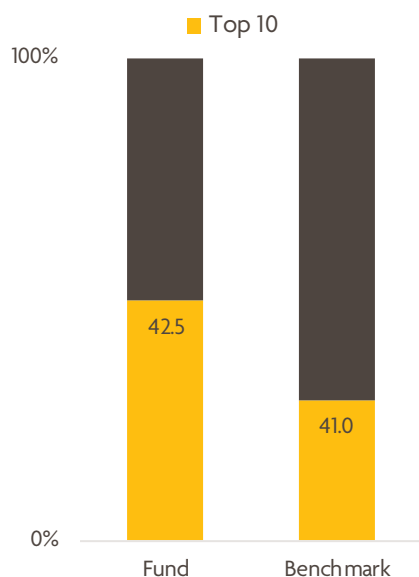
Source: Citibank India

*Attribution data is for the one year period ending September 30, 2018.

**On June 15, 2018, the benchmark was changed from the SENSEX Index to the MSCI India Index. The MSCI India Index is used as the benchmark for all historical benchmark comparisons in this document.

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.

HOLDINGS ANALYSIS



TOP 10 HOLDINGS

	FUND %	BENCHMARK %*	+ / -
HDFC Bank	8.45	0.00	8.45
Infosys	7.54	7.96	-0.43
Reliance Industries	5.27	11.19	-5.93
Indusind Bank	3.41	0.00	3.41
Maruti Suzuki India	3.41	2.42	0.98
Housing Development Finance Corporation	3.27	8.74	-5.47
ICICI Bank	2.92	2.27	0.66
Tata Consultancy Services	2.89	6.26	-3.37
Vedanta	2.77	0.94	1.83
Bajaj Finance	2.61	1.17	1.44
Top 10 holdings % of net assets	42.54	40.97	
Total # fund holdings	57		

Holdings may change at any time without notice.

Source: Aditya Birla Sun Life Asset Management

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.

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