

# Sun Life Excel Emerging Markets Fund

## FUND REVIEW | Q4 2018

INSTITUTIONAL USE ONLY.

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and Morningstar; opinions and data as of December 31, 2018.

### 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

\$596,453,297

### 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 I) returned -3.7% in the fourth quarter, underperforming its benchmark by roughly 1.5 percentage points.

Underweights to India and Indonesia, both of which outperformed, detracted value, as did the overweight to Korea, which underperformed. Indian and Indonesian equities rebounded as external pressures eased, with currency appreciation proving supportive. South Korea was negatively impacted by a combination of weak earnings results, trade uncertainty and technology cycle concerns.

This was somewhat offset by the overweights to Brazil and Hungary, both of which outperformed. Brazilian equities and the currency rallied in anticipation of a market-friendly presidential election outcome, which was confirmed with Jair Bolsonaro's run-off victory in late October. In Hungary, economic growth remained firm at 4.9% year-on-year in Q3 and the central bank continued to provide accommodative policy. Cash held in a falling market had a positive impact on relative returns.

Stock selection was negative overall. Chinese stock selection detracted the most from relative returns. This included the overweights to Sinopec and CNOOC (the oil companies fell in line with crude oil prices. Sinopec was also impacted by some trading losses at its Unipecc subsidiary). In Brazil, the off-benchmark holding in PagSeguro Digital (the digital payments processor lost value amid concerns over rising competition in the sector) and the overweight to Raia Drogasil (the long-term outlook remains strong,) were the key headwinds. In Taiwan, the overweights to ASE Technology and Hon Hai Precision were negative (the stocks declined amid rising concerns over the technology cycle).

By contrast, stock selection was positive in Mexico. This included the overweights to defensive names America Movil and FEMSA which held up better than the wider market. In South Korea, the overweights to video game publisher NCSOFT and LG Chemical were positive. NCSOFT rose in expectations of game launches in 2019 and LG Chemical announced higher than expected orders for Electric Vehicle batteries.

## PERFORMANCE

### SERIES I

COMPOUND RETURNS % <sup>1</sup>	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Fund	-3.70	-5.96	-6.81	10.06	8.02	3.03
Benchmark	-2.24	-4.98	-6.88	8.63	6.88	6.22
+ / -	-1.46	-0.97	0.07	1.43	1.14	-3.19

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011
Fund	-6.81	32.96	7.61	5.09	4.99	0.02	-4.39	-11.51
Benchmark	-6.88	28.26	7.34	2.04	6.63	3.93	15.61	-7.11
+ / -	0.07	4.69	0.27	3.05	-1.64	-3.91	-19.99	-4.40

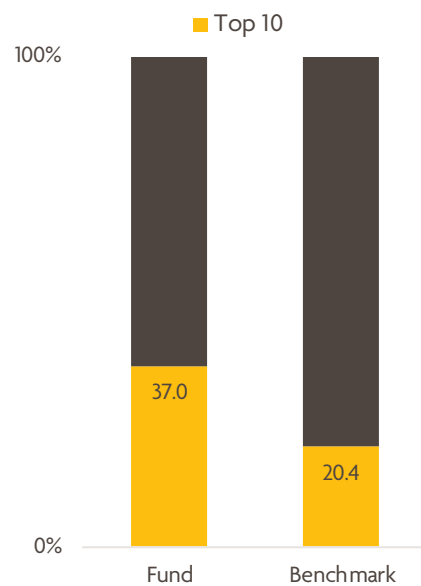
RISK ANALYSIS <sup>2</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.60	0.95	11.93	1.01	96.76	90.80
Benchmark	0.54	1.00	12.24	0.89	100.00	100.00

<sup>1</sup>Returns for periods longer than one year are annualized.

<sup>2</sup>Partial calendar year. Returns are for the period from the fund's inception date of September 1, 2011 to December 31, 2011.

<sup>3</sup>Data based on 5-year period ending December 31, 2018.

## HOLDINGS ANALYSIS

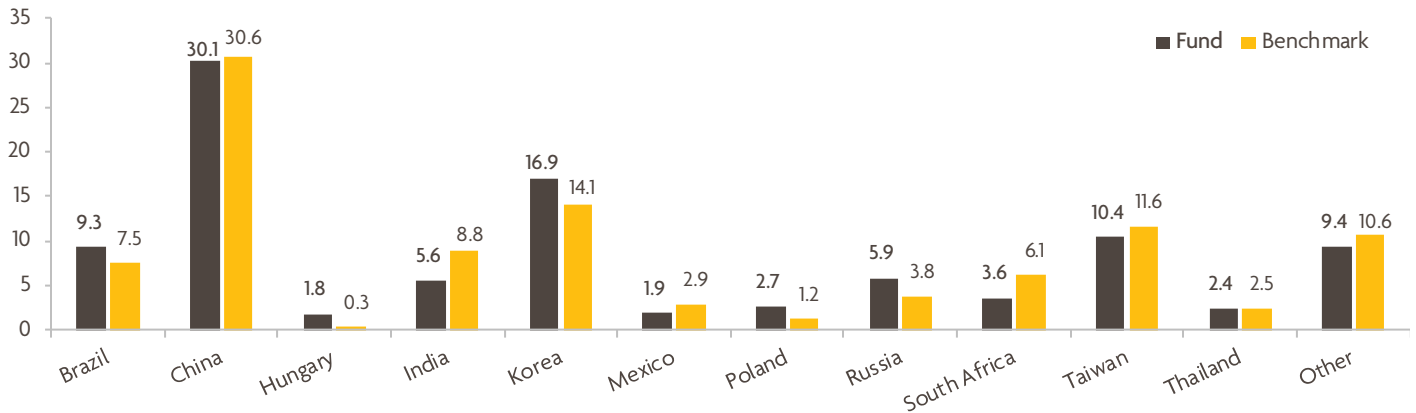


### TOP 10 HOLDINGS

	FUND %	BENCHMARK %	+ / -
TENCENT	6.42	4.77	1.65
SAMSUNG ELECTRONICS	6.17	3.47	2.70
TAIWAN SEMICONDUCTOR	5.75	3.76	1.99
ALIBABA	4.21	3.70	0.51
CHINA CONSTRUCTION BANK	3.22	1.65	1.57
LUKOIL PJSC	2.85	0.72	2.13
ITAU UNIBANCO	2.32	0.92	1.40
AIA GROUP	2.32	0.33	1.99
INFOSYS	1.87	0.69	1.18
CHINA PETROLEUM & CNYIHS	1.87	0.38	1.49
Top 10 holdings % of net assets		36.99	20.39
Total # fund holdings		98	

Holdings may change at any time without notice.

## GEOGRAPHIC BREAKDOWN (%)



Source: Schroder Investment Management

## ATTRIBUTION ANALYSIS | GEOGRAPHIC (SERIES F)

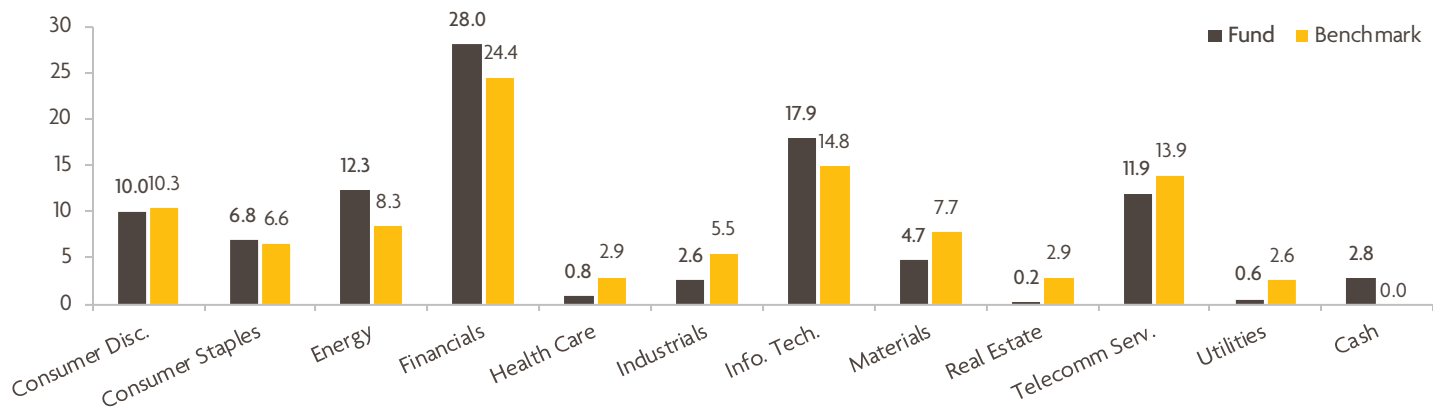
COUNTRY	COUNTRY WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Brazil	9.27	7.47	1.80	15.34	19.82	-4.48
China	30.15	30.59	-0.44	-7.58	-5.66	-1.92
Hungary	1.82	0.32	1.50	10.91	11.85	-0.94
India	5.55	8.81	-3.26	9.76	8.31	1.44
Korea	16.89	14.12	2.76	-7.43	-8.20	0.77
Mexico	1.91	2.86	-0.95	-6.21	-14.18	7.97
Poland	2.65	1.23	1.42	1.99	2.53	-0.54
Russia	5.89	3.81	2.08	-2.01	-3.73	1.72
South Africa	3.64	6.13	-2.49	0.95	1.71	-0.76
Taiwan	10.41	11.56	-1.14	-11.26	-8.78	-2.48
Thailand	2.41	2.47	-0.06	-9.51	-4.53	-4.98
Other	9.40	10.64	-1.23	-	-	-

COUNTRY	SECURITY SELECTION %	COUNTRY ALLOCATION %	TOTAL %
Brazil	-0.38	0.34	-0.03
China	-0.58	0.05	-0.53
Hungary	-0.02	0.20	0.18
India	0.07	-0.33	-0.27
Korea	0.15	-0.17	-0.03
Mexico	0.18	0.10	0.29
Poland	-0.01	0.06	0.05
Russia	0.10	-0.03	0.07
South Africa	-0.02	-0.10	-0.12
Taiwan	-0.27	0.06	-0.21
Thailand	-0.12	0.00	-0.12
Other	-0.03	-0.53	-0.57

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	10.00	10.34	-0.34	-3.61	-6.93	3.32
Consumer Staples	6.83	6.59	0.24	-1.31	0.81	-2.12
Energy	12.26	8.33	3.93	-9.36	-5.54	-3.82
Financials	28.01	24.44	3.58	1.41	4.74	-3.34
Health Care	0.83	2.92	-2.09	6.92	-11.42	18.34
Industrials	2.56	5.50	-2.94	-4.13	1.58	-5.71
Information Technology	17.86	14.82	3.03	-12.01	-10.57	-1.44
Materials	4.72	7.72	-3.00	-4.64	-5.69	1.05
Real Estate	0.16	2.89	-2.73	-11.84	7.16	-19.00
Telecomm Services	11.91	13.85	-1.94	1.56	-1.58	3.13
Utilities	0.55	2.59	-2.04	37.58	9.49	28.09
Cash	2.80	0.00	2.80	0.60	0.00	0.60

SECTOR	SECURITY SELECTION %	SECTOR ALLOCATION %	TOTAL %
Consumer Discretionary	0.36	0.02	0.39
Consumer Staples	-0.15	0.01	-0.14
Energy	-0.51	-0.16	-0.67
Financials	-0.93	0.28	-0.64
Health Care	0.16	0.21	0.37
Industrials	-0.15	-0.10	-0.25
Information Technology	-0.29	-0.27	-0.56
Materials	0.07	0.11	0.19
Real Estate	-0.03	-0.25	-0.28
Telecomm Services	0.40	0.02	0.42
Utilities	0.14	-0.22	-0.08
Cash	0.00	0.09	0.09

Source: Schroder Investment Management

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Portfolio performance refers to the Sun Life Excel Emerging Markets Fund, on a gross of fees basis, and not the returns of the Sun Life Schroder Emerging Markets Segregated Fund. The Sun Life Schroder Emerging Markets Segregated Fund is a group segregated fund offered by Sun Life Assurance Company of Canada through its Group Retirement Services. It invests directly in Sun Life Excel Emerging Markets Fund, a fund managed by Sun Life Global Investments (Canada) Inc. Group Retirement Services provided by Sun Life Assurance Company of Canada. 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 securityholder 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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On June 18, 2018, the Sun Life Schroder Emerging Markets Fund was renamed Sun Life Excel Emerging Markets Fund. The sub-advisor remains Schroder Investment Management. On August 28, 2013, Tradewinds Global Advisors LLC was replaced with Schroder Investment Management North America Inc. as sub-advisor to the fund. The fund was renamed Sun Life Schroder Emerging Markets Fund.

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