

Sun Life Multi-Strategy Bond Fund

FUND REVIEW Q2, 2017 - OPINIONS AS OF JUNE 30, 2017

CATEGORY¹

Canadian Fixed Income

MANAGEMENT COMPANY

Sun Life Global Investments
(Canada) Inc.

INCEPTION DATE

September 1, 2011

PORTFOLIO MANAGERS

Sadiq S. Adatia, FSA, FCIA, CFA
Chhad Aul, CFA
Kathrin Forrest, CFA

HIGHLIGHTS

- Sun Life Multi-Strategy Bond Fund rose 0.6 % in Q2
- U.S. and Canadian bond yields climbed
- Overweight provincial bonds
- Overweight corporate bonds

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

OUTLOOK

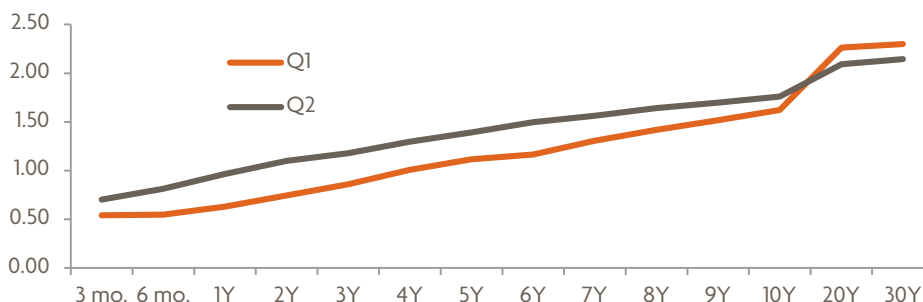
U.S. President Donald Trump has yet to deliver the steep tax cuts and massive economic stimulus program he promised during his campaign. But U.S. equity markets shrugged off the delay and remained near record highs.

At the same time, emerging markets surged as the risk of a U.S. trade dispute with China faded. In Europe, markets also rallied after France elected a pro-European leader. But Canada was one of the laggards, with the S&P/TSE Composite Index weighed down by falling oil prices and worries over the Canadian housing market.

Even without Trump's growth agenda in place, the U.S. economy is continuing to perform well, and at its June meeting the U.S. Federal Reserve raised the federal funds rate by 25 bps to 1.25%. And just after the quarter ended, the Bank of Canada (citing economic strength) raised interest rates .25 bps to .75%.

We believe the global economy will continue to expand. While we don't expect to see a series of rapid rate hikes, they could gradually trend higher in Canada, the U.S. and elsewhere, including Europe.

YIELD CURVE



Source: Bloomberg. Data as of June 30, 2017.

FUND REVIEW

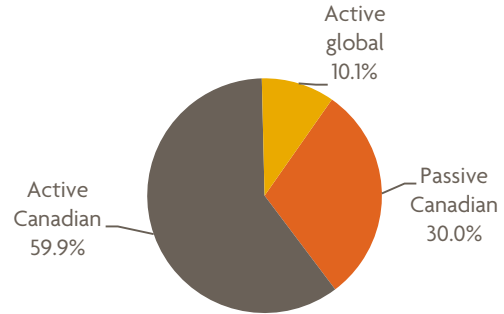
Sun Life Multi-Strategy Bond Fund rose 0.6% in Q2.

The fund benefitted from an overweight position in provincial government and corporate bonds. However, overall returns were eroded in late June when yields spiked, causing bond prices to fall. Similarly, the small allocation to global bonds held back returns towards the end of the quarter, after a strong performance earlier this year.

Global growth has yet to trigger meaningful inflation. But a number of central banks either raised interest rates or signalled they intend to. This was accompanied by shifting exchange rates, including sharp appreciation in the Canadian dollar versus its U.S. counterpart.

With central bank policy potentially driving interest rates higher, and additional yields from provincial and corporate bonds compressed, the fund has shifted towards higher overall quality. It continues to benefit from diversification into non-domestic markets.

TARGET ALLOCATIONS

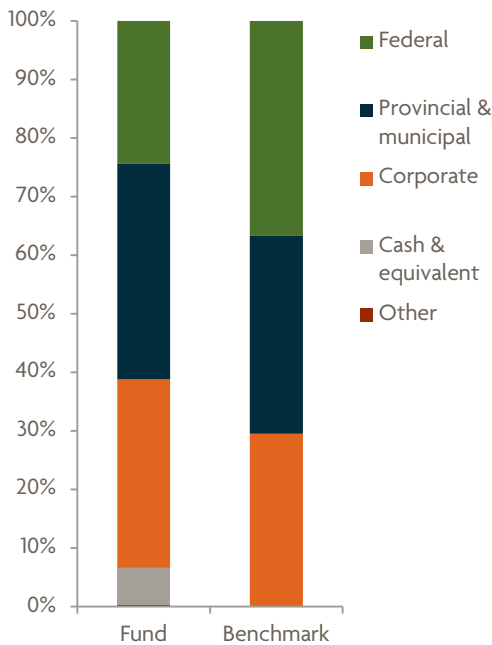


	FUND	BENCHMARK*
Duration (years)	6.5	7.1
Yield to maturity (%)	2.5	2.1

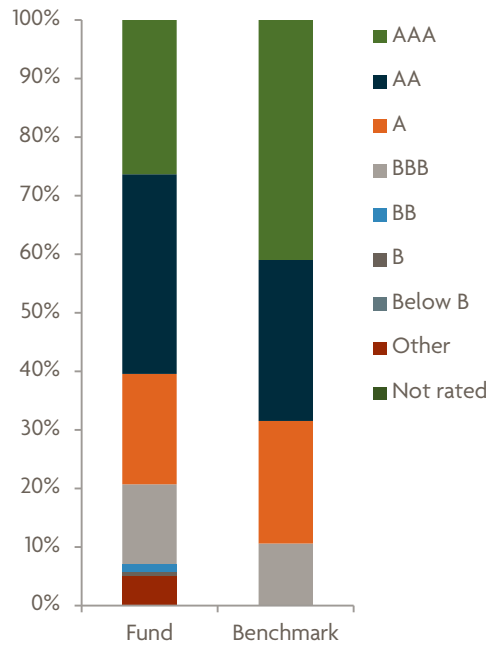
Source: Bloomberg. Data as of June 30, 2017.

*Throughout this document, "Benchmark" refers to the FTSE TMX Canada Universe Bond Index.

BREAKDOWN BY SECURITY TYPE



BREAKDOWN BY CREDIT QUALITY



Source: Bloomberg. Data as of June 30, 2017.

FUND RETURNS % SERIES A					
Q2	1YR	3YR	5YR	SINCE INCEPTION	INCEPTION DATE
0.6	-0.5	1.5	1.0	1.4	September 1, 2011

Returns for periods longer than one year are annualized. Data as of June 30, 2017.

Effective May 2, 2016, Sun Life Beutel Goodman Canadian Bond Fund moved to a multi-strategy approach, was renamed Sun Life Multi-Strategy Bond Fund, and Beutel Goodman and Company Ltd. was removed as sub-advisor. The Fund's assets will be allocated among four underlying managers: BlackRock Asset Management; Connor, Clark & Lunn Investment Management Ltd. (as sub-advisor), Franklin Templeton Investments and Phillips, Hager & North Investment 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 is 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.

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.

© Sun Life Global Investments (Canada) Inc., 2017. Sun Life Global Investments (Canada) Inc. is a member of the Sun Life Financial group of companies.

Sun Life Global Investments (Canada) Inc.
1 York Street, Toronto, Ontario M5J 0B6

Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com | www.sunlifeglobalinvestments.com