



March 29, 2017

Dear Investor:

Please find attached this annual report issued by the Independent Review Committee (the “**IRC**”) of the publicly offered investment funds (the “**Funds**”) managed by Sun Life Global Investments (Canada) Inc. (the “**Manager**”), an indirect subsidiary of Sun Life Financial Inc. This annual report to securityholders of the Funds covers the calendar year 2016 and is given under the requirements of National Instrument 81-107 (“**NI 81-107**”), the securities rule that governs independent review committees in Canada.

Securities regulators have given your IRC a specific role to review mutual fund conflict of interest matters identified and referred to us by the Manager and to give our approval or recommendation. In this regard, for the purposes of this National Instrument, a *conflict of interest matter* is a situation where a reasonable person would consider the Manager (or an entity related to it), to have an interest that may conflict with the ability of the Manager to act in good faith and in the best interests of the Funds. Our focus is on the question of whether the Manager’s proposed action achieves a fair and reasonable result for the mutual fund.

We hold regular meetings with the Manager on a quarterly basis and receive at that time the Manager’s report of compliance with its policies. In December 2016, we completed an annual review and assessment of the adequacy and effectiveness of the Manager’s policies and procedures relating to conflict of interest matters in respect of the Funds. We also hold special meetings to consider conflict of interest matters submitted by the Manager when the need arises.

Concurrently, we completed assessments of our effectiveness as an IRC and the effectiveness and contribution of each of our members. As part of our requirements, we also reviewed the compensation and independence of our members.

The IRC has initiated a succession planning process in order to replace all of its members in a staggered process ending in August 2019.

The members of the IRC, whose identities are listed in the report, bring to their roles a combination of educational and professional experience and skills to adequately address the scope of the conflict of interest matters that come before the IRC. The industry information and ongoing continuing education provided to us by the Manager help us to maintain high standards and best practices in mutual fund governance.

We are pleased to publish this annual report to securityholders of the Funds.

(signed) “*Pierre-Yves Châtillon*”
Pierre-Yves Châtillon, ICD.D
Chair of the Independent Review Committee

IRC 2016 REPORT TO SECURITYHOLDERS
Sun Life Global Investments Mutual Funds

March 29, 2017

Members of your IRC

Name	Residence	First appointed	Other fund families on whose the IRC member serves
<i>Pierre-Yves Châtillon</i> ¹ (Chair)	Montreal, Quebec	August 18, 2010	None
<i>Andrew Smith</i> ²	Toronto, Ontario	August 18, 2010	None
<i>Louise Tymocko</i> ³	Toronto, Ontario	August 18, 2010	None

There were no changes in the composition of your IRC.

Holding of Securities

(a) Funds

As at December 31, 2016, the percentage of units of each series of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent of that series.

(b) Manager

As at December 31, 2016, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Any person or company that provides services to the investment fund or the manager as at December 31, 2016

1832 Asset Management L.P., Beutel, Goodman & Company Ltd. (terminated May 2016), BlackRock Asset Management Canada Limited, Brandes Investment Partners & Co. (operating as Bridgehouse Asset Managers), Franklin Bissett Investment Management, part of Franklin

¹ Member of AUM Law (Québec) Professional Corporation, a law firm.

² Corporate Director and President, Natnook Inc.

³ Financial Services Consultant

Templeton Investments Corp., Franklin Templeton Investments Corp., Invesco Canada Ltd., MFS Institutional Advisors, Inc., MFS Investment Management Canada Limited, NWQ Investment Management Company, LLC, Schroder Investment Management North America Inc., Sentry Investments Inc., Connor, Clark & Lunn Investment Management Ltd., Aviva Investors Canada Inc., Sun Life Institutional Investments (U.S.) LLC, Sun Life Assurance Company of Canada, RBC Investor Services Trust and The Royal Trust Company are service providers to the Funds and the Manager. As at March 29, 2017 no member of the IRC beneficially owned, directly or indirectly, any security of any person or company that provides services to the Funds or the Manager.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC as the independent review committee of the Funds for the year was \$32,500 to the Chair and \$26,500 to each other member. This compensation was in line with the Manager's recommendation. This amount was allocated among the Funds in a manner that was considered by the Manager as fair and reasonable to the Funds.

No indemnities were paid to the members of the IRC by the Funds during the period.

At least annually, the IRC reviews its compensation giving consideration to the following:

1. the best interest of the Funds;
2. that each Fund must pay its reasonable allocation of the compensation of the members of your IRC from the assets of the Fund;
3. that compensation paid to your IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Fund;
4. the number, nature and complexity of the Funds for which your IRC acts; and
5. the nature and extent of the workload of each member of your IRC.

Conflict of Interest Matters

Approvals and Recommendations

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendations or approval. The Manager has an obligation to notify the IRC of any such instances.

Policies and Procedures and Standing Instructions

The Manager has policies and procedures in place to address conflict of interest situations. The Manager received standing instructions with respect to potential conflict of interest matters addressed by the following policies. In each case, the standing instructions require the Manager to comply with its related policy and procedures and to report periodically to your IRC.

1. Allocating Investment Opportunities Fairly
2. Allocation of Fees and Expenses

3. Best Execution
4. Error Correction
5. Standards of Fairness in the Allocation of Trade Opportunities
6. Fund Asset Valuation
7. Inter-Fund Trading
8. Personal Trading
9. Sub-Advisor Oversight
10. Proxy Voting
11. Short Term Trading and Late Trading
12. Soft Dollars
13. Trading with a related Broker/Dealer
14. Transactions in Securities of Related Issuers

The Manager acted throughout the year in accordance with the IRC standing instructions.

Positive Recommendations

During the period, the IRC provided approval to the Manager to effect the merger of each of the Sun Life MFS Balanced Value Fund and Sun Life MFS Balanced Growth Fund (the Terminating Funds) into the Sun Life Granite Balanced Portfolio (the Continuing Fund). These mergers were completed on August 26, 2016.

In accordance with the requirements of National Instruments 81-102 and 81-107, the IRC did not have to consider any other conflict of interest situation in 2016.

Contact Information of IRC

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Secretary of the Independent Review Committee
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**Sun Life Global Investments and Sun Life Global Investments Corporate Class Inc.
Mutual Funds**

March 29, 2017

**Mutual Funds as of December 31, 2016*

Sun Life BlackRock Canadian Equity Fund (Series A, T5, T8, F, I, O)
Sun Life BlackRock Canadian Balanced Fund (Series A, T5, F, I, O)
Sun Life BlackRock Canadian Composite Equity Fund (Series I)
Sun Life BlackRock Canadian Universe Bond Fund (Series I)
Sun Life Dynamic American Value Fund (Series A, T5, T8, F, I, O)
Sun Life Dynamic Energy Fund (Series A, T5, T8, F, I, O)
Sun Life Dynamic Equity Income Fund (Series A, F, I, O)
Sun Life Dynamic Strategic Yield Fund (Series A, F, I, O)
Sun Life Granite Balanced Portfolio (Series A, D, T5, F, I, O)
Sun Life Granite Balanced Growth Portfolio (Series A, T5, T8, F, I, O)
Sun Life Granite Conservative Portfolio (Series A, T5, F, I, O)
Sun Life Granite Growth Portfolio (Series A, T5, T8, F, I, O)
Sun Life Granite Moderate Portfolio (Series A, T5, F, I, O)
Sun Life Granite Income Portfolio (Series A, F, I, O)
Sun Life Granite Enhanced Income Portfolio (Series A, F, I, O)
Sun Life Granite Tactical Completion Fund (Series I)
Sun Life MFS Global Total Return Fund (Series A, T5, F, I, O)
Sun Life MFS Monthly Income Fund (Series A, T5, F, I, O)
Sun Life MFS Canadian Equity Fund (Series A, D, F, I, O)
Sun Life MFS Canadian Equity Growth Fund (Series A, D, F, I, O)
Sun Life MFS Canadian Equity Value Fund (Series A, D, F, I, O)
Sun Life MFS Dividend Income Fund (Series A, D, F, I, O)
Sun Life MFS Global Growth Fund (Series A, D, T5, T8, F, I, O)
Sun Life MFS Global Value Fund (Series A, T5, T8, F, I, O)
Sun Life MFS International Growth Fund (Series A, D, T5, T8, F, I, O)
Sun Life MFS International Value Fund (Series A, T5, T8, F, I, O)
Sun Life MFS U.S. Growth Fund (Series A, AH, T5, T8, F, FH, I, IH, O, OH)
Sun Life MFS U.S. Value Fund (Series A, AH, T5, T8, F, FH, I, IH, O, OH)
Sun Life MFS U.S. Equity Fund (Series A, D, F, I, O)
Sun Life MFS Low Volatility International Equity Fund (Series A, T5, T8, F, I, O)
Sun Life MFS Low Volatility Global Equity Fund (Series A, T5, T8, F, I, O)
Sun Life MFS Canadian Bond Fund (Series A, D, F, I, O)
Sun Life Milestone 2020 Fund (Series A)
Sun Life Milestone 2025 Fund (Series A)
Sun Life Milestone 2030 Fund (Series A)
Sun Life Milestone 2035 Fund (Series A)
Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund)
(Series A, F, I, O)
Sun Life Milestone Global Equity Fund (Series I)
Sun Life Money Market Fund (Series A, D, F, I, O)

Sun Life NWQ Flexible Income Fund (Series A, F, I, O)
Sun Life Schroder Emerging Markets Fund (Series A, F, I, O)
Sun Life Sentry Conservative Balanced Fund (Series A, T5, F, I, O)
Sun Life Sentry Global Mid Cap Fund (Series A, T5, T8, F, I, O)
Sun Life Sentry Infrastructure Fund (Series A, T5, T8, F, I, O)
Sun Life Sentry Value Fund (Series A, F, I, O)
Sun Life Templeton Global Bond Fund (Series A, F, I, O)
Sun Life Multi-Strategy Target Return Fund (Series A, F, I, O)
Sun Life BlackRock Canadian Balanced Class* (Series A, AT5, F, O)
Sun Life BlackRock Canadian Composite Equity Class* (Series A, AT5, F, I, O)
Sun Life BlackRock Canadian Equity Class* (Series A, AT5, AT8, F, I, O)
Sun Life Dynamic Equity Income Class* (Series A, AT5, F, I, O)
Sun Life Dynamic Strategic Yield Class* (Series A, AT5, F, I, O)
Sun Life Franklin Bissett Canadian Equity Class* (Series A, AT5, F, I, O)
Sun Life Granite Conservative Class* (Series A, AT5, F, O)
Sun Life Granite Moderate Class* (Series A, AT5, F, O)
Sun Life Granite Balanced Class* (Series A, AT5, F, O)
Sun Life Granite Balanced Growth Class* (Series A, AT5, AT8, F, O)
Sun Life Granite Growth Class* (Series A, AT5, AT8, F, O)
Sun Life MFS Dividend Income Class* (Series A, AT5, F, I, O)
Sun Life MFS Canadian Equity Class* (Series A, AT5, F, O)
Sun Life MFS U.S. Growth Class* (Series A, AT5, AT8, F, O)
Sun Life MFS Global Growth Class* (Series A, AT5, AT8, F, O)
Sun Life MFS International Growth Class* (Series A, AT5, AT8, F, O)
Sun Life Money Market Class* (Series A, F, O)
Sun Life Sentry Value Class* (Series A, AT5, F, I, O)
Sun Life Sionna Canadian Small Cap Equity Class* (Series A, AT5, F, I, O)
Sun Life Trimark Canadian Class* (Series A, AT5, F, I, O)

**each a class of shares of Sun Life Global Investments Corporate Class Inc., a mutual fund corporation.*