SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2017

Sun Life NWQ Flexible Income Fund

ILLUMINATING

Sun Life GLOBAL Investments

Sun Life NWQ Flexible Income Fund

This semi-annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the semi-annual financial statements by calling 1-877-344-1434, by sending an email to us at info@sunlifeglobalinvestments.com or by writing to us at Sun Life Global Investments (Canada) Inc., 1 York Street, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com. All of the financial information is calculated based on the pricing Net Asset Valuation for the investment fund, unless otherwise stated.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

During the period, the net asset value of the Fund increased from $126.3 million to $214.4 million. The increase in net asset value was due to positive net sales, as well as positive performance during the period.

During the period, the Fund returned 5.2% for Series A units. This result surpassed the Fund's benchmark, Barclay's U.S. Aggregate Bond Index Hedged C$, which returned 2.1%. The performance returns for other series of this Fund are similar to those of Series A except for differences in expense structures. Please refer to the 'Past Performance' section of this report for performance of each series.

A top contributor to performance for the period is Seagate Technology. Seagate designs, manufactures, and markets hard disk drives for enterprise applications, client compute applications, client non-compute applications, personal data backup systems, portable external storage systems and digital media systems. An improving hard disk drive (HDD) market drove better financial results and guidance at Seagate. NWQ Investment Management Company, LLC (the "sub-advisor") believe these trends will continue and the credit should improve further.

Another contributor to performance was Wells Fargo. The sub-advisor identified this investment opportunity in late 2015 as this busted convertible preferred security offered an attractive yield pick-up versus Wells Fargo's straight preferred. It is commonly overlooked by dedicated convertible managers due to a lack of sensitivity to the company's common stock, and by preferred managers given it's classification as a convertible. The security is beginning to gain attention from preferred managers as they seek for yield opportunities in the asset class and as the preferred ETF added the security to its holdings. The yield decline in long maturity securities during the period also helped support the move of this preferred given its longer duration.

CVR Partners detracted from performance during the period, even after the company returned to distribution payments. CVR Partners is a Master Limited Partnership that formed to own, operate and grow its nitrogen fertilizer business. Though the sub-advisor saw a rebound in CVR Partners/Ammonia pricing in the period, this rally was short lived due to ramping competitive capacity, and a delayed planting season that allowed more product to make its way into the Midwest in time for application. With the OCI plant still set to ramp during the second half of 2017, the sub-advisor expects pricing to remain near trough levels for the remainder of the year before rebounding in 2018 and beyond.

Frontier Communications also detracted from performance over the period, but mostly during the first quarter. The company struggled to integrate the recently acquired Verizon assets, which led to accelerated revenue and earnings before tax, interest, depreciation and amortization ("EBITDA") declines and a higher net leverage of 4.6 times. In response to the weak results, prices of Frontier bonds declined. The sub-advisor believed a cut to their common stock dividend would occur, which would hurt stockholders yet should improve the company's credit metrics. For this reason, the sub-advisor began moving up the capital structure to reduce volatility by selling the convertible security and holding on to the bonds.

Recent Developments

Short-term interest rates moved higher during the latter part of the period, while intermediate and long-term U.S. rates moved lower. The yield on the 10-year Treasury decreased 9 basis points to end the period at 2.30%, returning 2.08% year-to-date (as measured by the BAML Current 10-Year U.S. Treasury Index). Meanwhile, the yield of the 30-year Treasury decreased slightly during the latter part of the period to end at 2.84%. Year to date, the return on the 30-year (BAML Current 30-Year U.S. Treasury Index) was 5.53%. The front-end of the yield curve moved higher as the U.S. Federal Reserve increased the Federal Funds rate 25 basis points at its June meeting, with expectations of at least one more increase over the course of 2017.

The yield curve significantly flattened over the latter part of the period. Yield curves tend to flatten during U.S. Federal Reserve tightening cycles and the second quarter was no exception. The interesting part was the reversal of the flattening in late June. The reversal started after comments by European Central Bank ("ECB") President Draghi were interpreted as hawkish, followed by poorly received government bond auctions in Europe that resulted in rates selling off globally. The sub-advisor believe the steepening was also partially technical in nature as positioning in Treasuries was likely too bullish ahead of month/quarter-end position squaring, as well as the curve had overly flattened in response to a proposal from the Treasury Department to decrease the capital charge for banks to hold Treasuries.

During the latter part of the period, the U.S. Federal Reserve had two meetings and one rate increase. At the May meeting, the U.S. Federal Reserve did not raise rates but viewed job gains as "solid," viewed weak first quarter growth as "transitory," and stated its belief that inflation would "stabilize" around 2% in the medium-term. At the June meeting, the U.S. Federal Reserve raised the Fed Funds rate but acknowledged that decreasing inflation data was not cooperating with their models and that it "is monitoring inflation developments closely." The U.S. Federal Reserve also released more details of its balance sheet tapering plan, which were in line with market expectations. The U.S. Federal Reserve will initially allow just $6 billion of Treasuries and $4 billion of mortgage-backed securities to roll off per month with any amount over the cap re-invested. The U.S. Federal Reserve will then slowly increase the cap by $6 billion and $4 billion every three months, respectively, until $30 billion of Treasuries and $20 billion of mortgage-backed securities are rolled off per month. For context, at the end of the second quarter, the System Open Market Account ("SOMA") portfolio was $4.2 trillion. The U.S. Federal Reserve did not provide a start date for tapering but expectations are for a September or December start.

During the period, the U.S. economy continued its moderate pace of growth. On balance, the economic data was positive, with bright spots in employment, housing and small business/ consumer sentiment. The less impressive data points were inflation, consumption, wages and durable goods. Nearly all measures of inflation (CPI, PPI, CPE, average hourly earnings) declined on a year-over year basis – one of the main drivers of a flatter yield curve. For example, PCE inflation fell from 1.7% to 1.4% and core inflation softened to 1.39% from 1.5% in May. This has led some to question the U.S. Federal Reserve's decision to raise the Federal Funds rate multiple times in 2017 while also beginning the process of tapering near year-end. The U.S. Federal Reserve appears confident that a sub-5% unemployment rate will eventually trigger faster wage growth and inflation. The sub-advisor remains somewhat skeptical of that argument given that capacity utilization remains below its long-term average. Likewise, with gains in owners' equivalent rent moderating, falling telecom and auto prices, and fluctuating energy prices we have trouble identifying the trigger for rising inflation.

The investment grade bond market (as measured by the BAML U.S. Corporate Index) returned 3.88% year-to-date. Credit spreads tightened by 15 basis points during the period to end at 115 basis points, as measured by the option-adjusted spread ("OAS"), the yield enhancement (in basis points) relative to the risk-free interest rate (e.g., Treasury) and adjusted to take into account any embedded options. Investment grade corporate bonds had an excess return of 1.74% year to date. Notably, the investment grade corporate bond market new issuance has been strong ($354 billion during the second quarter), which still keeps new issuance on pace for another record-breaking year.

High Yield bonds (as measured by the BAML U.S. High Yield Index) returned 4.91% during the period. The OAS tightened 45 basis points through the first half of the year. Year-to-date the par weighted price has moved higher from $99.56 to $101.36. Effective duration for the BAML U.S. HY Index finished lower over the period, moving from 4.05 to 3.93. Year-to-date, high yield primary market issuance is at $145 billion with the majority going to refinance activity. New issuance in April was $16 billion, followed by $25 billion in May and $21 billion in June. For 2017, high yield mutual funds have reported a $9.5 billion outflow ($760 million ETF), compared with a $594 million inflow during the first half in 2016.

The BAML Fixed Rate Preferred Securities Index returned 8.73% year-to-date. The yield-to-worst ended the quarter at 1.81%, a decline of 140 basis points, as many securities are priced at the earliest call date. Year-to-date performance of preferred securities continues to top most of the other asset classes. The outperformance continues to be attributable to very little new supply coupled with numerous redemptions in $25-par preferred securities, continued retail and institutional flows into the preferred market, and stability in European contingent capital and legacy Tier 1 markets.

Within the U.S. preferred market, U.S. $1000-par preferred securities outperformed $25-par preferred securities in the second quarter after underperforming in the first quarter. The BAML U.S. Preferred, Bank Capital & Capital Trust Securities Index ($1000-par preferred) returned 8.02% year-to-date. REIT preferred securities were strong through the entire period and returned 10.71% year-to-date. REIT preferred securities remain strong despite comparatively low, and in many cases, negative yield-to-calls due to continued redemptions in the space.

The S&P 500 Index returned 9.34% year-to-date. Healthcare was particularly strong during the latter part of the period driven by a sector rotation, primarily in June, from Technology (Nasdaq down 3% from its intra-month high) to Biotech (+11% in June), driving Biotech to the lead late in the period. Energy was the worst performing sector of the S&P 500 during the quarter as it posted a total return of -6.36%.

Energy stocks have seen poor performance as the global re-balancing of inventories is taking longer than expected. Recurring headlines of record production out of the Permian and questions on the sustainability of the Organization of the Petroleum Exporting Countries ("OPEC") cuts has weighed on sentiment.

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As the second half of 2017 begins, doubts about healthcare and tax reform continue to grow. Since the U.S. president has limited political capital, the sub-advisor believes nothing significant will get accomplished this year and will have to hope for some semblance of unity within the party for 2018. Additionally, geopolitical risks continue to be a concern for markets and we expect volatility around missile tests in North Korea and continued news flow out of the Middle East.

The sub-advisor has seen continued moderate economic growth so far this year with diminishing inflation expectations. Despite the potential for slowing growth, the sub-advisor does anticipate the U.S. Federal Reserve will raise rates at least one more time in 2017. Improvements in European growth prospects should help benefit U.S. growth in the second half but the sub-advisor expects some slowing in the growth rate.

With regards to the 10-year Treasury, the sub-advisor anticipates a near-term move higher in rates with a decline to follow with expectations of the 10-year ending the year closer to 2% largely as a result of disinflation and slowing growth.

As a bottom-up manager, the sub-advisor is investing in companies with a long-term investment time horizon and considering various economic scenarios and their impact on the Fund's credits and equities. The sub-advisor will continue to look for dislocations should the markets provide them.

Effective February 5, 2016, all Series E units were re-designated to Series A units, under the Front End Sales Charge option, of the same Fund. Please refer to the Fund's simplified prospectus for more details about the captioned change and for details about the Private Client Program.

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the "Manager") is the manager, trustee and portfolio manager of the Fund.

The Manager is responsible for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Fund.

As trustee, the Manager holds legal title to the Fund's investments in trust for unitholders. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. The Manager has retained NWQ Investment Management Company, LLC to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc.

Fund Administrative Expenses

The Manager pays certain of the operating expenses of each Fund (the "Administration Expenses") in return for a fixed administration fee paid to the Manager by each Fund ("Administration Fee"). The Administration Fee is based on the net asset value of each series of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as a fund administrative expense in the Fund's Statement of Comprehensive Income found in the semi-annual financial statements (unaudited).

Each Fund also pays certain operating expenses directly (the "Fund Costs"). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund's Independent Review Committee ("IRC"); taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. Each Fund allocates Fund Costs proportionately among its series of units. The Fund Costs that are specific to a series of units are allocated to that series. These amounts are paid out of the assets attributed to each series of units of the Fund, which reduces the return you may receive.

Series Description

The Fund offers the following series of units: A, F, I and O. The date of creation for the Series A, F, and I units was February 3, 2014 and the date of creation for Series O units was April 1, 2014.

Series A units are available to all investors.

Series F units are available to investors who have a fee-based account with their dealer and whose dealer has signed an agreement with the Manager. Instead of paying sales charges, investors buying Series F units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of Series F units, so the Manager can charge a lower management fee.

Series I units are special purpose securities that are currently only available to other mutual funds and eligible institutional investors. Series I units are not sold to the general public. Each Series I investor negotiates its own management and advisory fee that is paid directly to the Manager.

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Series O units are available to investors through the Private Client program and must be purchased through a Private Client account. Each Series O investor pays a management fee directly to the Manager and is eligible for management fee reductions, if any, based on the value of Series O units held in the investor's Private Client account. Series O management fees are paid, after subtracting any management fee reductions, by a redemption of Series O units in the investor's account.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from the date of inception to June 30, 2017.

The Fund's Net Asset Value per Unit ($)(1)

Sun Life NWQ Flexible Income Fund – Series A

	2017 ($)	2016 ($)	2015 ($)	2014 ($)
Net asset value, beginning of period	9.29	9.29	9.92	10.00
Increase (decrease) from operations:				
Total revenue	0.27	0.50	0.63	0.60
Total expenses	(0.10)	(0.20)	(0.28)	(0.36)
Realized gains (losses) for the period	0.13	0.07	(1.90)	(1.11)
Unrealized gains (losses) for the period	0.18	0.20	1.38	0.65
Total increase (decrease) from operations(2)	**0.48**	**0.57**	**(0.17)**	**(0.22)**
Distributions:				
From income (excluding dividends)	(0.23)	(0.49)	(0.50)	(0.53)
From dividends	–	–	–	–
From capital gains	–	–	–	–
Return of capital	–	(0.01)	–	–
Total annual distributions(3)	**(0.23)**	**(0.50)**	**(0.50)**	**(0.53)**
Net asset value, end of period	**9.53**	**9.29**	**9.29**	**9.92**

Sun Life NWQ Flexible Income Fund – Series F

	2017 ($)	2016 ($)	2015 ($)	2014 ($)
Net asset value, beginning of period	9.34	9.29	9.88	10.00
Increase (decrease) from operations:				
Total revenue	0.22	0.62	0.65	0.63
Total expenses	(0.07)	(0.15)	(0.21)	(0.28)
Realized gains (losses) for the period	0.09	(0.10)	(2.47)	(1.73)
Unrealized gains (losses) for the period	0.26	0.07	2.02	0.89
Total increase (decrease) from operations(2)	**0.50**	**0.44**	**(0.01)**	**(0.49)**
Distributions:				
From income (excluding dividends)	(0.23)	(0.49)	(0.50)	(0.62)
From dividends	–	–	–	–
From capital gains	–	–	–	–
Return of capital	–	(0.01)	–	–
Total annual distributions(3)	**(0.23)**	**(0.50)**	**(0.50)**	**(0.62)**
Net asset value, end of period	**9.61**	**9.34**	**9.29**	**9.88**

Sun Life NWQ Flexible Income Fund – Series I

	2017 ($)	2016 ($)	2015 ($)	2014 ($)
Net asset value, beginning of period	9.82	9.65	10.14	10.00
Increase (decrease) from operations:				
Total revenue	0.29	0.57	0.59	0.59
Total expenses	(0.01)	(0.04)	(0.07)	(0.10)
Realized gains (losses) for the period	0.09	(0.10)	(1.02)	(1.03)
Unrealized gains (losses) for the period	0.22	0.23	0.23	0.45
Total increase (decrease) from operations(2)	**0.59**	**0.66**	**(0.27)**	**(0.09)**
Distributions:				
From income (excluding dividends)	(0.25)	(0.51)	(0.51)	(0.46)
From dividends	–	–	–	–
From capital gains	–	–	–	–
Return of capital	–	(0.01)	–	–
Total annual distributions(3)	**(0.25)**	**(0.52)**	**(0.51)**	**(0.46)**
Net asset value, end of period	**10.16**	**9.82**	**9.65**	**10.14**

Sun Life NWQ Flexible Income Fund – Series O

	2017 ($)	2016 ($)	2015 ($)	2014 ($)
Net asset value, beginning of period	9.29	9.16	9.65	10.00
Increase (decrease) from operations:				
Total revenue	0.27	0.55	0.62	0.50
Total expenses	(0.02)	(0.05)	(0.08)	(0.11)
Realized gains (losses) for the period	0.09	(0.22)	(2.04)	(1.25)
Unrealized gains (losses) for the period	0.21	0.27	1.46	0.57
Total increase (decrease) from operations(2)	**0.55**	**0.55**	**(0.04)**	**(0.29)**
Distributions:				
From income (excluding dividends)	(0.23)	(0.49)	(0.50)	(0.54)
From dividends	–	–	–	–
From capital gains	–	–	–	–
Return of capital	–	(0.01)	–	–
Total annual distributions(3)	**(0.23)**	**(0.50)**	**(0.50)**	**(0.54)**
Net asset value, end of period	**9.61**	**9.29**	**9.16**	**9.65**

(1) This information is derived from the Fund's audited annual financial statements and from the semi-annual unaudited financial statements for the current period ended June 30, 2017.

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash, reinvested in additional units of the Fund, or both.

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Ratios and Supplemental Data

Sun Life NWQ Flexible Income Fund – Series A

	2017	2016	2015	2014
Total net asset value ($)(1)	2,597,085	2,612,885	1,855,131	1,324,432
Number of units outstanding(1)	272,470	281,345	199,772	133,486
Management expense ratio (%)(2)	1.71	1.72	1.71	1.73
Management expense ratio before waivers or absorption (%)(2)	1.71	1.72	1.71	7.57
Trading expense ratio (%)(3)	0.04	0.04	0.22	0.39
Portfolio turnover rate (%)(4)(5)	18.09	30.20	221.53	357.87
Net asset value per unit ($)(1)	9.53	9.29	9.29	9.92

Sun Life NWQ Flexible Income Fund – Series F

	2017	2016	2015	2014
Total net asset value ($)(1)	88,527	114,545	85,407	149,948
Number of units outstanding(1)	9,209	12,264	9,195	15,184
Management expense ratio (%)(2)	1.18	1.19	1.21	1.20
Management expense ratio before waivers or absorption (%)(2)	1.18	1.19	1.21	5.24
Trading expense ratio (%)(3)	0.04	0.04	0.22	0.39
Portfolio turnover rate (%)(4)(5)	18.09	30.20	221.53	357.87
Net asset value per unit ($)(1)	9.61	9.34	9.29	9.88

Sun Life NWQ Flexible Income Fund – Series I

	2017	2016	2015	2014
Total net asset value ($)(1)	211,063,661	123,159,819	66,050,329	46,611,403
Number of units outstanding(1)	20,777,138	12,543,412	6,844,721	4,598,093
Management expense ratio (%)(2)	0.06	0.06	0.05	0.06
Management expense ratio before waivers or absorption (%)(2)	0.06	0.06	0.05	0.27
Trading expense ratio (%)(3)	0.04	0.04	0.22	0.39
Portfolio turnover rate (%)(4)(5)	18.09	30.20	221.53	357.87
Net asset value per unit ($)(1)	10.16	9.82	9.65	10.14

Sun Life NWQ Flexible Income Fund – Series O

	2017	2016	2015	2014
Total net asset value ($)(1)	609,735	439,577	266,177	283,336
Number of units outstanding(1)	63,444	47,299	29,064	29,366
Management expense ratio (%)(2)	0.22	0.22	0.24	0.24
Management expense ratio before waivers or absorption (%)(2)	0.22	0.22	0.24	1.03
Trading expense ratio (%)(3)	0.04	0.04	0.22	0.39
Portfolio turnover rate (%)(4)(5)	18.09	30.20	221.53	357.87
Net asset value per unit ($)(1)	9.61	9.29	9.16	9.65

(1) This information is provided as at December 31 of the period shown, except for the most recent semi-annual period, which is at June 30, 2017.

(2) Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. Prior to 2015, the Manager of the Fund waived some of its management fees and/or absorbed some expenses that would normally be charged to the Fund.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

(4) The Fund's portfolio turnover ratio indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover ratio in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

(5) Percentages are annualized.

Management Fees

The annual maximum management fee paid by the Fund is a percentage of the average daily net asset value of each series exclusive of any applicable taxes and operating expenses, which is accrued daily and is paid to the Manager monthly in arrears. Management fees pay for portfolio and investment advisory services, oversight of any service providers, marketing and promotional activities, arranging for the distribution and sale of securities of the Fund, general administration of fund operations and sales and trailing commissions paid to dealers.

The percentages and major services paid for out of the management fees are set out below:

		As a Percentage of Management Fees	
	Maximum Annual Management Fee Rate (%)	Dealer Compensation (%)[1]	General Administration, Investment Advice and Profit (%)
Series A Units	1.35	27	73
Series F Units	0.85	–	100
Series I Units	–	–	–
Series O Units[2]	0.85	–	100

1 Includes sales and trailing commissions.

2 Series O management fees are not paid by the Fund. Series O investors pay management fees directly to the manager.

PAST PERFORMANCE

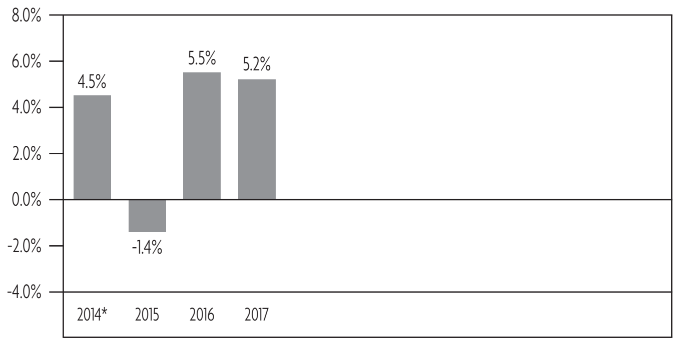
The indicated rates of return are the historical annualized and annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed. How a fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

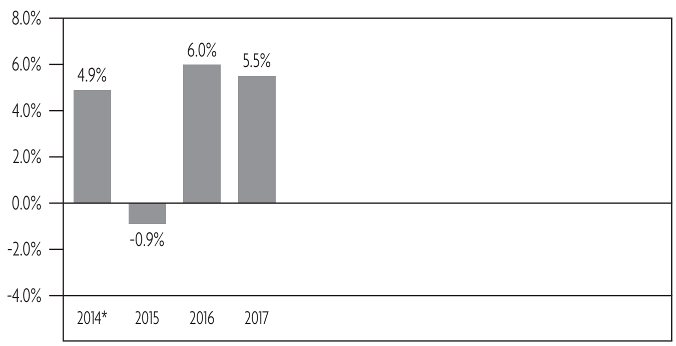
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

Sun Life NWQ Flexible Income Fund

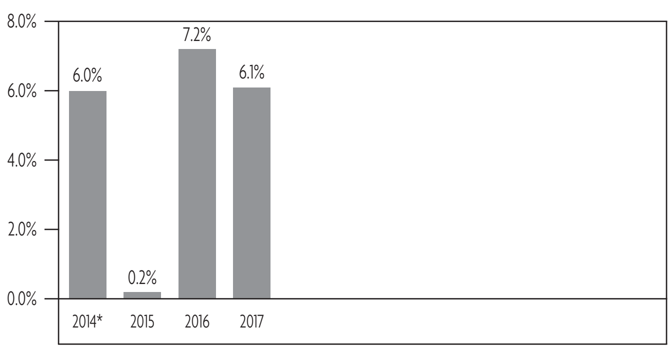
Series A Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



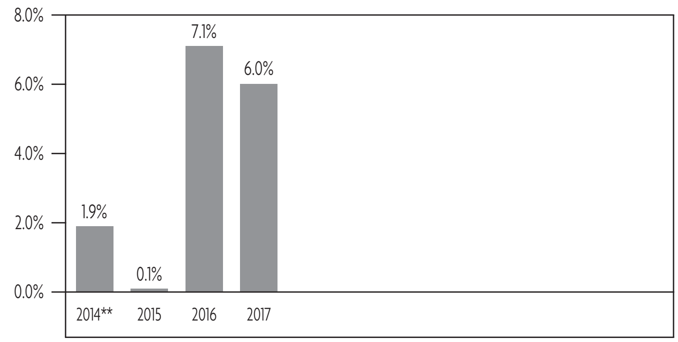
Series F Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Series I Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Series O Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



* for the period of February 3, 2014 to December 31, 2014.

** for the period April 1, 2014 to December 31, 2014

SUMMARY OF INVESTMENT PORTFOLIO(1)

as at June 30, 2017 (unaudited)

Top 25 Investments

	Holdings	Percentage of Net Asset Value of the Fund (%)
1	Viacom Inc., 6.88%, Apr 30, 2036	2.9
2	Cash	2.8
3	Seagate HDD Cayman, 4.88%, Jun 01, 2027	2.4
4	McDonald's Corp., 4.88%, Dec 09, 2045	2.0
5	Wells Fargo & Co., Series L, Preferred	2.0
6	Hewlett Packard Enterprise Co., 6.35%, Oct 15, 2045	1.9
7	Western Digital Corp., 10.50%, Apr 01, 2024	1.9
8	GCI Inc., 6.88%, Apr 15, 2025	1.8
9	RR Donnelley & Sons Co., 6.50%, Nov 15, 2023	1.8
10	Citigroup Inc., 6.25%, Dec 31, 2049	1.7
11	CenturyLink Inc., 7.65%, Mar 15, 2042	1.7
12	Anheuser-Busch InBev Finance Inc., 4.90%, Feb 01, 2046	1.7
13	United States Cellular Corp., 7.25%, Preferred	1.5
14	Emera Inc., 6.75%, Jun 15, 2076	1.5
15	Great Plains Energy Inc.	1.5
16	Navient Corp., 8.00%, Mar 25, 2020	1.5
17	General Motors Co., 6.60%, Apr 01, 2036	1.4
18	Tempur Sealy International Inc., 5.50%, Jun 15, 2026	1.4
19	GMAC Capital Trust I, Series 2, Preferred	1.4
20	Kindred Healthcare Inc., 8.00%, Jan 15, 2020	1.4
21	Frontier Communications Corp., 11.00%, Sep 15, 2025	1.4
22	L Brands Inc., 6.88%, Nov 01, 2035	1.3
23	GlaxoSmithKline PLC, ADR	1.2
24	Rite Aid Corp., 6.75%, Jun 15, 2021	1.2
25	Nextera Energy Inc., 6.37%, Preferred	1.2
		42.5
	Total Net Asset Value (000's)	**$ 214,359**

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Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
U.S. Corporate Bond	56.0
Financials	17.3
Cash and Cash Equivalents[2]	4.9
Materials	3.5
Utilities	3.2
Industrials	3.2
International Corporate Bond	2.9
Health Care	2.7
Canadian Corporate Bond	1.9
Real Estate	1.6
Consumer Discretionary	1.1
Information Technology	1.0
Consumer Staples	0.7
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
U.S. Fixed Income	56.0
U.S. Equities	26.5
International Equities	7.8
Cash and Cash Equivalents[2]	4.9
International Fixed Income	2.9
Canadian Fixed Income	1.9
	100.0

[1] All information is as at June 30, 2017. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. You may obtain quarterly updates to these holdings free of charge by calling us at *1-877-344-1434*, visiting our website at *www.sunlifeglobalinvestments.com* or by sending an email to us at *info@sunlifeglobalinvestments.com*.

[2] Cash and Cash Equivalents, for the purpose of this chart, includes other assets less liabilities.

Forward-Looking Statements

This management report of fund performance may contain forward-looking statements about the Fund, including its strategy, results of operations, performance and condition. Forward-looking statements include statements that are predictive in nature, or that depend upon or refer to future events or conditions. They are based on current beliefs, expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and various economic factors. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, technological changes, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The words "may", "could", "would", "should", "believe", "plan", anticipate", "expect", "intend", "forecast", "objective", and similar expressions are intended to identify forward-looking statements.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Sun Life NWQ Flexible Income Fund

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at **www.sunlifeglobalinvestments.com** or **www.sedar.com**.

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

Sun Life GLOBAL Investments

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