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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2016

Sun Life Dynamic Energy Fund



# Sun Life Dynamic Energy Fund

*This 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 annual financial statements by calling 1-877-344-1434, by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com) or by writing to us at Sun Life Global Investments (Canada) Inc., 150 King Street West, Toronto, Ontario, M5H 1J9. Our financial statements are available on our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) and on SEDAR at [www.sedar.com](http://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

### Investment Objectives and Strategies

The Sun Life Dynamic Energy Fund\* (the "Fund") seeks to achieve long-term capital appreciation by investing primarily in equity securities of North American companies involved in broadly defined energy-based or alternative energy activities across multiple components of the Energy sector, including oil and gas, or by or by investing in mutual funds that invest in such securities.

The Fund's sub-advisor is 1832 Asset Management L.P. (Dynamic Funds) (the "sub-advisor"). In pursuing the Fund's investment objectives, the sub-advisor primarily invests in equity securities of North American companies involved in broadly defined energy-based or alternative energy activities and may invest in fixed income securities of North American companies involved in broadly defined energy-based activities. The sub-advisor typically invests in energy-based corporations and master limited partnerships that focus their efforts on the exploration, development, production and/or sale of commodities such as fossil fuels including crude oil, natural gas and natural gas liquids, basic chemicals, materials, minerals, alternative energy and their by-products as well as refining, energy utilities, midstream and pipelines and companies that provide field services to the energy industry.

### Risk

There were no changes in the Fund's investment objective or strategy during the period which materially impacted the overall level of risk in the Fund. The risks associated with investing in the Fund remain as outlined in the Fund's Simplified Prospectus.

### Results of Operations

During the period, the net asset value of the Fund increased from \$37.2 million to \$71.1 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 29.8% for Series A units. This result lagged the Fund's benchmark, the S&P/TSX Capped Energy, which returned 39.6%. 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.

The Fund underperformed its relevant benchmark primarily due to security selection. Relative to the benchmark, the Fund was overweight more defensive Energy Infrastructure securities, which underperformed Energy Producers over the period. The Fund was also concentrated in quality names over the period, which tended to underperform companies lower down the quality scale.

The Fund significantly lowered its cash balance over the period, taking advantage of the bouts of volatility in energy company securities amid the large swings in the price of oil. After beginning the period with elevated cash levels, which were raised to position the Fund defensively as oil dropped to its lowest level in over a decade, the Fund gradually deployed into holdings in both Canada and the U.S., primarily energy producers, during the first half of the period. Throughout the summer and fall, the Fund began paring back on energy infrastructure names while it continued to increase its allocation to energy producers, primarily in the U.S. As a result, the Fund's geographic tilt shifted from overweight Canada to overweight U.S. by the end of the period. The Fund also initiated select low-cost producer positions in natural gas companies.

While performance was slightly better among Canadian holdings, the Fund's U.S. investments also had a significant impact on returns. The top individual detractors were ConocoPhillips, Freehold Royalties and TORC Oil and Gas. The position in Freehold Royalties was exited during the period in favour of companies with more growth upside. Significant individual contributors to returns included Parsley Energy (in the U.S.), Seven Generations Energy (in Canada) and Devon Energy (in the U.S.).

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# Sun Life Dynamic Energy Fund

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## Recent Developments

Energy securities posted strong gains over the period, outperforming the broader index in both Canada and the U.S. The price of oil (West Texas Intermediate) rose from \$37.0 at the beginning of the period to \$54.0 by the end, while trading as low as \$26.0 in February. At the beginning of the period, volatility surfaced in January as fears about Chinese and emerging market growth re-emerged, leading to a large increase in short selling contracts on oil, which pressured the price down to a low of \$26.0 in February. However, prices began to rebound as markets saw signs of a production rollover in the U.S. and production outages increased, leading investors to focus more on fundamentals as indications that the supply-demand rebalance is becoming more visible. Oil prices and energy companies rallied through the spring, only beginning to moderate in June as uncertainty surrounding the U.K. referendum to leave the European Union led to increased volatility across all asset classes and commodities.

Oil prices began declining throughout July on worries of a persistent excess supply. However, in early August, anticipation of successful talks between Organization of the Petroleum Exporting Countries ("OPEC") and non-OPEC producers to arrive at a production curtailment agreement provided support for a speculative rally. Meanwhile, prices continued to fluctuate based on both positive and negative data surrounding the proposed agreement and inventory builds and draws. An OPEC production curtailment framework was agreed upon in late September; however, the market faltered briefly on news that OPEC members had increased production ahead of the agreement. In late November, the framework for a production cut was finalized among OPEC and non-OPEC members and oil prices rallied through to the end of the period.

Natural gas prices increased over the period from \$2.3 to \$3.7. Natural gas prices began the year on a downtrend, like most other commodities, and reached a low of \$1.6 in early March before rebounding strongly through the spring due to expectations of a hot summer. The price was supported through the summer by the arrival of warmer-than-usual weather which increased electricity demand fuelled by natural gas. Prices began to pick up throughout early October as inventory builds reached full levels, but did not over-run available storage, which had been a concern. Fears over a warmer winter led to a brief pullback in the fall, however forecasts soon flipped to a colder-than-usual winter, supporting prices going into year-end.

Effective February 5, 2016, all Series E and EF units were re-designated to Series A units, under the Front End Sales Charge option, and Series F units, respectively, 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 1832 Asset Management L.P. 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 annual financial statements (audited).

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.

# Sun Life Dynamic Energy Fund

## Series Description

The Fund offers the following series of units: A, T5, T8, F, I and O. The date of creation for all series was August 10, 2015.

Series A, T5 and T8 units are available to all investors.

Series T5 and T8 units are designed to provide investors with a fixed monthly distribution based on a target annualized distribution rate of 5% and 8%, respectively, of the net asset value per unit of the relevant series at the end of the prior year.

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.

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 December 31, 2016.

## The Fund's Net Asset Value per Unit (\$) <sup>(1)</sup> Sun Life Dynamic Energy Fund – Series A

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	8.70	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.22	0.12
Total expenses	(0.45)	(0.30)
Realized gains (losses) for the period	0.56	(0.61)
Unrealized gains (losses) for the period	2.53	(0.63)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>2.86</b>	<b>(1.42)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.10)	(0.01)
From dividends	(0.07)	(0.02)
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.17)</b>	<b>(0.03)</b>
<b>Net asset value, end of period</b>	<b>11.11</b>	<b>8.70</b>

## Sun Life Dynamic Energy Fund – Series T5

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	12.89	15.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.26	0.17
Total expenses	(0.67)	(0.48)
Realized gains (losses) for the period	0.39	(0.76)
Unrealized gains (losses) for the period	3.79	(0.84)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>3.77</b>	<b>(1.91)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.08)	–
From dividends	(0.07)	–
From capital gains	–	–
Return of capital	(0.49)	(0.21)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.64)</b>	<b>(0.21)</b>
<b>Net asset value, end of period</b>	<b>15.96</b>	<b>12.89</b>

# Sun Life Dynamic Energy Fund

## Sun Life Dynamic Energy Fund – Series T8

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	12.62	15.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.33	0.17
Total expenses	(0.66)	(0.47)
Realized gains (losses) for the period	0.88	(0.75)
Unrealized gains (losses) for the period	3.13	(0.84)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.68</b>	<b>(1.89)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.15)	–
From dividends	(0.10)	–
From capital gains	–	–
Return of capital	(0.76)	(0.50)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.01)</b>	<b>(0.50)</b>
<b>Net asset value, end of period</b>	<b>15.20</b>	<b>12.62</b>

## Sun Life Dynamic Energy Fund – Series F

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	8.74	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.23	0.12
Total expenses	(0.25)	(0.17)
Realized gains (losses) for the period	0.71	(0.51)
Unrealized gains (losses) for the period	2.08	(0.68)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.77</b>	<b>(1.24)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.14)	(0.01)
From dividends	(0.10)	(0.02)
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.24)</b>	<b>(0.03)</b>
<b>Net asset value, end of period</b>	<b>11.21</b>	<b>8.74</b>

## Sun Life Dynamic Energy Fund – Series I

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	8.74	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.18	0.12
Total expenses	(0.02)	(0.02)
Realized gains (losses) for the period	0.34	(0.53)
Unrealized gains (losses) for the period	2.71	(0.78)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.21</b>	<b>(1.21)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.18)	(0.01)
From dividends	(0.12)	(0.04)
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.30)</b>	<b>(0.05)</b>
<b>Net asset value, end of period</b>	<b>11.29</b>	<b>8.74</b>

## Sun Life Dynamic Energy Fund – Series O

	2016 (\$)	2015 (\$)
Net asset value, beginning of period	8.74	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.21	0.14
Total expenses	(0.06)	(0.04)
Realized gains (losses) for the period	0.45	(0.55)
Unrealized gains (losses) for the period	2.50	(1.06)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.10</b>	<b>(1.51)</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.17)	(0.01)
From dividends	(0.12)	(0.04)
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.29)</b>	<b>(0.05)</b>
<b>Net asset value, end of period</b>	<b>11.27</b>	<b>8.74</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> 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.

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

## Ratios and Supplemental Data

### Sun Life Dynamic Energy Fund – Series A

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	3,650,073	339,486
Number of units outstanding <sup>(1)</sup>	328,508	39,043
Management expense ratio after absorption (%) <sup>(2)</sup>	2.20	2.25
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.20	2.25
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	11.11	8.70

### Sun Life Dynamic Energy Fund – Series T5

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	11,325	8,721
Number of units outstanding <sup>(1)</sup>	709	677
Management expense ratio after absorption (%) <sup>(2)</sup>	2.33	2.35
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.33	2.35
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	15.96	12.89

# Sun Life Dynamic Energy Fund

## Sun Life Dynamic Energy Fund – Series T8

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	98,717	8,721
Number of units outstanding <sup>(1)</sup>	6,494	691
Management expense ratio after absorption (%) <sup>(2)</sup>	2.32	2.35
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.32	2.35
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	15.20	12.62

## Sun Life Dynamic Energy Fund – Series F

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	197,615	8,760
Number of units outstanding <sup>(1)</sup>	17,624	1,003
Management expense ratio after absorption (%) <sup>(2)</sup>	1.19	1.20
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.19	1.20
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	11.21	8.74

## Sun Life Dynamic Energy Fund – Series I

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	66,256,442	36,453,564
Number of units outstanding <sup>(1)</sup>	5,870,408	4,170,406
Management expense ratio after absorption (%) <sup>(2)</sup>	0.06	0.06
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.06	0.06
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	11.29	8.74

## Sun Life Dynamic Energy Fund – Series O

	2016	2015
Total net asset value (\$) <sup>(1)</sup>	892,880	254,643
Number of units outstanding <sup>(1)</sup>	79,199	29,147
Management expense ratio after absorption (%) <sup>(2)</sup>	0.23	0.23
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.23	0.23
Trading expense ratio (%) <sup>(3)</sup>	0.18	0.20
Portfolio turnover rate (%) <sup>(4)(5)</sup>	68.05	68.34
Net asset value per unit (\$) <sup>(1)</sup>	11.27	8.74

<sup>(1)</sup> This information is provided as at December 31 of the period shown, as applicable.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) <sup>1</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	1.85	48	52
Series T5 Units	1.85	48	52
Series T8 Units	1.85	30	70
Series F Units	0.85	–	100
Series I Units	–	–	–
Series O Units <sup>2</sup>	0.85	–	100

<sup>1</sup> Includes sales and trailing commissions.

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

## PAST PERFORMANCE

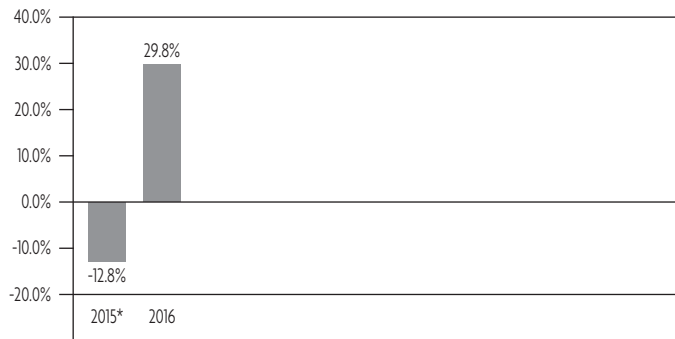
The indicated rates of return are the historical annualized and annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have 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

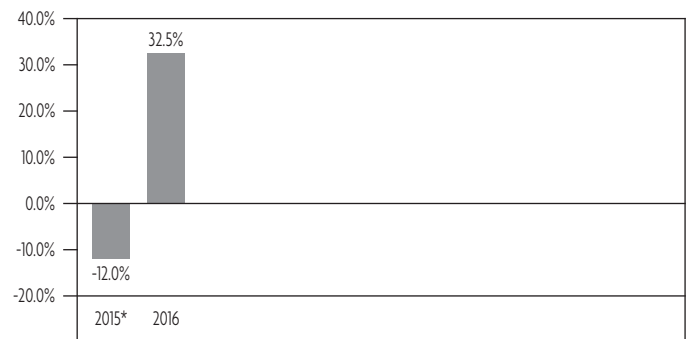
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

# Sun Life Dynamic Energy Fund

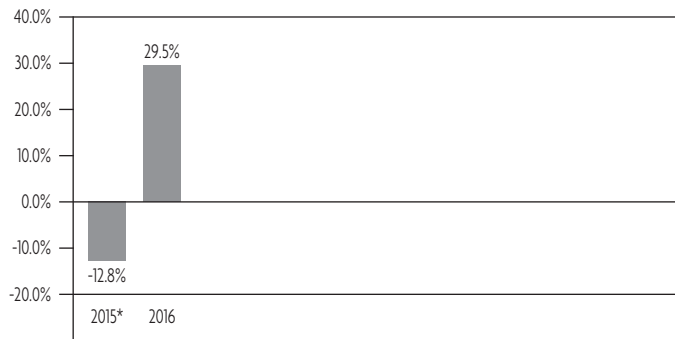
**Series A Units – Annual return for the period ended December 31, 2016**



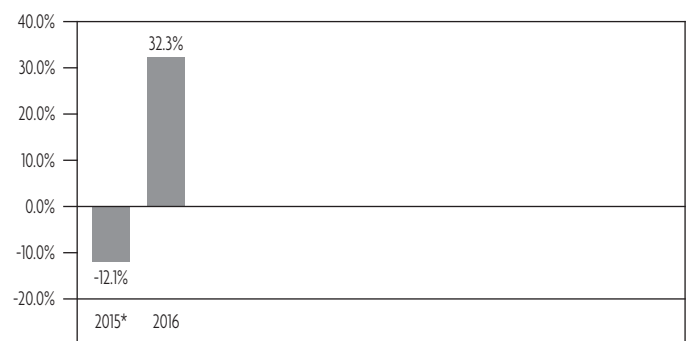
**Series I Units – Annual return for the period ended December 31, 2016**



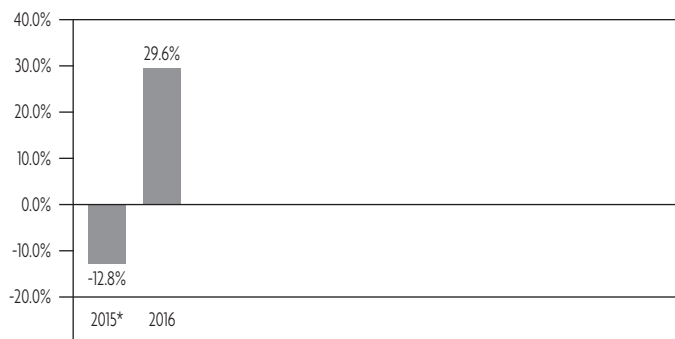
**Series T5 Units – Annual return for the period ended December 31, 2016**



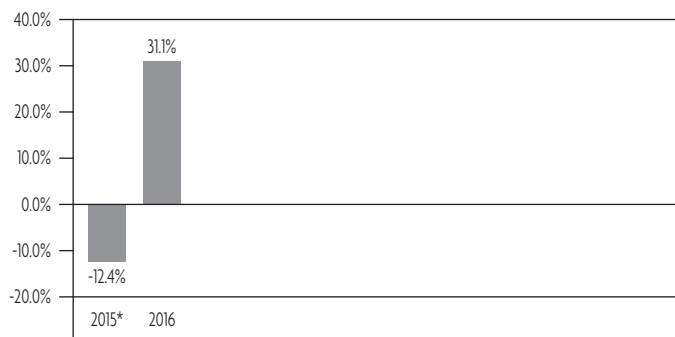
**Series O Units – Annual return for the period ended December 31, 2016**



**Series T8 Units – Annual return for the period ended December 31, 2016**



**Series F Units – Annual return for the period ended December 31, 2016**



\* for the period August 10, 2015 to December 31, 2015

## Annual Compound Returns

The following table compares the historical annual compound total returns of Series A, T5, T8, F, I and O units of the Fund with the S&P 500 Capped Energy Index.

The Series A units underperformed the benchmark since inception and over the past year.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)</sup>
Sun Life Dynamic Energy Fund – Series A	29.8%	N/A	N/A	N/A	9.3%
Sun Life Dynamic Energy Fund – Series T5	29.5%	N/A	N/A	N/A	9.1%
Sun Life Dynamic Energy Fund – Series T8	29.6%	N/A	N/A	N/A	9.1%
Sun Life Dynamic Energy Fund – Series F	31.1%	N/A	N/A	N/A	10.4%
Sun Life Dynamic Energy Fund – Series I	32.5%	N/A	N/A	N/A	11.6%
Sun Life Dynamic Energy Fund – Series O	32.3%	N/A	N/A	N/A	11.4%
S&P 500 Capped Energy Index	39.6%	N/A	N/A	N/A	17.2%

(1) The performance start date for Series A, T5, T8, F, I, O units was August 10, 2015.

# Sun Life Dynamic Energy Fund

## SUMMARY OF INVESTMENT PORTFOLIO<sup>(1)</sup>

as at December 31, 2016

### Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Cash	17.6
2 Enerplus Corp.	4.0
3 Seven Generations Energy Ltd.	3.5
4 Parsley Energy Inc.	3.4
5 TransCanada Corporation	3.3
6 Suncor Energy Inc.	3.1
7 Whitecap Resources Inc.	3.0
8 Spartan Energy Corp.	3.0
9 Devon Energy Corp.	3.0
10 Halliburton Co.	2.9
11 Pioneer Natural Resources Co.	2.9
12 Anadarko Petroleum Corp.	2.8
13 Gibson Energy Inc.	2.7
14 RSP Permian Inc.	2.7
15 Canadian Natural Resources Ltd.	2.6
16 Concho Resources Inc.	2.6
17 Diamondback Energy Inc.	2.6
18 Royal Dutch Shell PLC, ADR	2.6
19 Total SA	2.5
20 Schlumberger Ltd.	2.5
21 ARC Resources Ltd.	2.4
22 EOG Resources Inc.	2.3
23 TORC Oil & Gas Ltd.	2.3
24 Enbridge Inc.	2.3
25 Cimarex Energy Co.	2.2
	<b>84.8</b>
<b>Total Net Asset Value (000's)</b>	<b>\$ 71,107</b>

### Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Energy	82.4
Cash and Cash Equivalents <sup>(2)</sup>	17.6
	<b>100.0</b>

### Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Equities	42.1
U.S. Equities	32.7
Cash and Cash Equivalents <sup>(2)</sup>	17.6
International Equities	7.6
	<b>100.0</b>

<sup>(1)</sup> All information is as at December 31, 2016. 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](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

<sup>(2)</sup> 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.*

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

### Sun Life Dynamic Energy 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](http://www.sunlifeglobalinvestments.com)** or **[www.sedar.com](http://www.sedar.com)**.

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