
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2016

Sun Life MFS U.S. Equity Fund



Sun Life MFS U.S. Equity 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 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 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

Investment Objective and Strategies

The fundamental investment objective of Sun Life MFS U.S. Equity Fund (the "Fund") is to aim for long-term capital growth by investing primarily in companies domiciled in the United States or whose primary stock exchange listing is in the United States.

The Fund's sub-advisor is MFS Investment Management Canada Limited ("MFSIM") and the sub-advisor to MFSIM is MFS Institutional Advisors, Inc. ("MFS"). In pursuing the Fund's investment objective, MFSIM may invest in companies of any size. The Fund seeks to invest in equity securities of companies domiciled in the United States, or whose primary listing is in the United States. The Fund may also invest up to 20% of the Fund's assets in non-U.S. securities. Using a bottom-up investment approach – investments are selected primarily based on fundamental analysis of issuers and their potential in light of their current financial condition and industry position, as well as market, economic, political and regulatory conditions. Other factors are considered such as earnings, cash flows, competitive position and management ability of issuers.

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 decreased from \$619.3 million to \$608.4 million. The decrease in net asset value was due to net redemptions, partially offset by positive performance during the period.

During the period, the Fund returned 3.0% for Series A units. This result lagged the Fund's benchmark, the S&P 500 C\$, which returned 8.1%. 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.

Weak stock selection in the Healthcare, Consumer Staples and Information Technology sectors detracted from the Fund's performance relative to the S&P 500 Index. Within the Healthcare sector, the Fund's holdings of pharmaceutical company Valeant Pharmaceuticals (Canada) held back relative results. Furthermore, overweight holdings of drug-maker Endo International, eye care and skin care products company Allergan, health services and information technology company McKesson, life sciences supply company Thermo Fisher Scientific and pharmaceutical company Eli Lilly hurt relative results. Within the Consumer Staples sector, the Fund's holdings of food processing company Danone dampened relative performance as the stock underperformed the benchmark during the period. Within the Information Technology sector, an overweight position in both information technology company Cognizant Technology and global payments technology company Visa further detracted from performance relative to the benchmark.

Elsewhere, not owning integrated energy company Chevron dampened relative performance as shares of the company outpaced the Fund's benchmark during the period.

An overweight allocation and stock selection in the Financials sector benefited relative performance. The Fund's overweight positions in financial services firms Bank of America, JPMorgan Chase, Goldman Sachs and Morgan Stanley were notable contributors to relative returns.

In other sectors, the Fund's overweight holdings of media firm Time Warner, energy exploration and production company EOG Resources, global provider of banking and payment technologies Fidelity National Information Services, broadband communications and networking services provider Broadcom and medical equipment manufacturer Stryker benefited relative performance. The Fund's avoidance of biotech firm Gilead Sciences further added value to relative performance as the stock performed well during the period.

Recent Developments

Sluggish global growth weighed on both developed and Emerging Market ("EM") economies during much of the period, though signs of improved growth became evident in

Sun Life MFS U.S. Equity Fund

late 2016. The U.S. Federal Reserve increased interest rates by 25 basis points at the end of the period, the second hike of the cycle which began in December 2015. Globally, however, central bank policy remained highly accommodative, which forced many government, and even some corporate bond yields into negative territory during the period. During the first half of the period, the United Kingdom voted to leave the European Union, beginning a multi-year process of negotiation in order to achieve “Brexit.” While markets initially reacted to the vote with alarm, the spillover to European and EM economies were relatively short-lived, although risks of further hits to European Union cohesiveness could re-emerge. Late in the period, the surprising U.S. presidential election outcome prompted a significant rally in equities and a rise in bond yields in anticipation of an inflationary policy mix from the incoming Trump administration.

Headwinds from lower energy and commodity prices, which had spread beyond the Energy, Materials and Industrial sectors early in the period, decreased later in the period as stabilizing oil prices helped push energy earnings higher relative to expectations. A sharp rise in the U.S. Dollar was a headwind for multinationals late in the period. The sharp rise in the U.S. Dollar also weighed on earnings. U.S. consumer spending held up well during the second half of the period amid a modest increase in real wages and relatively low gasoline prices. Demand for automobiles reached near-record territory, while the housing market continued its recovery. Slow global trade continued to mirror slow global growth, particularly for many EM countries. That said, EM countries began to show signs of a modest upturn in activity along with adjustment in their external accounts. These improved conditions appeared to have reassured investors and contributed to record inflows into the asset class during July and August as negative yields for an increasing share of developed market bonds drove yield-seeking investors further out on the risk spectrum.

Similar investor inflows were experienced in the investment grade and high yield corporate markets. Late in the period, however, new challenges emerged for emerging markets debt as a result of the U.S. presidential election, which raised concerns about the potential for a protectionist turn in U.S. trade policy which could negatively impact EM economies. These concerns, along with rising expectations for U.S. growth, inflation and rates, have turned the tables on flows into emerging market debt. Since the election, flows have reversed. As of the end of the period, the markets seemed to be in a wait-and-see mode, looking for evidence to either confirm or refute the repricing of risk that has occurred since Election Day.

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 MFS Investment Management Canada Limited (“MFSIM”), an affiliate, to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc., which also has an indirect majority ownership interest in MFSIM.

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

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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, D, F, I and O. The date of creation for Series A units was March 31, 2009, the date of creation for Series D units was July 15, 1988, the date of creation for Series F units was February 13, 2008, and the date for Series I units was November 28, 2008. Prior to April 2, 2012, these series were called classes. Effective April 2, 2012, Class O units of the Fund were renamed as Series I units and Class C units were reclassified as Series I units. The date of creation for Series O units was April 1, 2014.

Series A units are available to all investors.

Series D units are only available for purchase by existing investors who held Class D units of the Fund on March 30, 2012. Investors may switch their Series D units of one fund into Series D units of another Sun Life Global Investments Mutual Fund, but may not switch units of another series into Series D units. Once a Series D investor no longer owns any Series D units, the investor may not purchase additional Series D units. In addition, Series D units may be switched into any other series (if available), if the investor meets the applicable requirements for those series.

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 (\$) ^{(1)/(4)}

Sun Life MFS U.S. Equity Fund – Series A

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)
Net asset value, beginning of period	63.30	53.64	45.23	32.74	29.03	28.51
Increase (decrease) from operations:						
Total revenue	1.01	0.95	0.83	0.63	0.57	0.57
Total expenses	(1.70)	(1.64)	(1.39)	(1.13)	(0.73)	(0.73)
Realized gains (losses) for the period	4.39	5.23	8.72	3.46	5.71	5.71
Unrealized gains (losses) for the period	(1.00)	4.58	0.58	9.53	(0.71)	(0.71)
Total increase (decrease) from operations⁽²⁾	2.70	9.12	8.74	12.49	4.84	4.84
Distributions:						
From income (excluding dividends)	–	–	–	–	(0.08)	(0.08)
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Total annual distributions⁽³⁾	–	–	–	–	(0.08)	(0.08)
Net asset value, end of period	65.23	63.30	53.64	45.23	32.74	32.88

Sun Life MFS U.S. Equity Fund – Series D

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)
Net asset value, beginning of period	65.80	55.32	46.32	33.26	29.33	28.80
Increase (decrease) from operations:						
Total revenue	1.05	0.99	0.85	0.63	0.58	0.58
Total expenses	(1.22)	(1.17)	(0.99)	(0.77)	(0.50)	(0.50)
Realized gains (losses) for the period	4.43	5.49	8.79	3.69	6.67	6.67
Unrealized gains (losses) for the period	(2.09)	5.28	0.27	9.52	(1.69)	(1.69)
Total increase (decrease) from operations⁽²⁾	2.17	10.59	8.92	13.07	5.06	5.06
Distributions:						
From income (excluding dividends)	–	(0.02)	(0.06)	–	(0.13)	(0.13)
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Total annual distributions⁽³⁾	–	(0.02)	(0.06)	–	(0.13)	(0.13)
Net asset value, end of period	68.32	65.80	55.32	46.32	33.26	33.40

Sun Life MFS U.S. Equity Fund

Sun Life MFS U.S. Equity Fund – Series F

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)
Net asset value, beginning of period	65.40	54.83	45.85	33.00	29.14	28.62
Increase (decrease) from operations:						
Total revenue	1.05	0.97	0.84	0.63	0.56	0.56
Total expenses	(1.04)	(1.00)	(0.82)	(0.64)	(0.42)	(0.42)
Realized gains (losses) for the period	4.50	5.36	8.66	3.55	3.45	3.45
Unrealized gains (losses) for the period	(1.82)	8.71	(0.06)	9.60	3.44	3.44
Total increase (decrease) from operations⁽²⁾	2.69	14.04	8.62	13.14	7.03	7.03
Distributions:						
From income (excluding dividends)	(0.14)	–	(0.12)	(0.22)	(0.28)	(0.28)
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	(0.01)	–	–	–	–	–
Total annual distributions⁽³⁾	(0.15)	–	(0.12)	(0.22)	(0.28)	(0.28)
Net asset value, end of period	67.93	65.40	54.83	45.85	33.00	33.14

Sun Life MFS U.S. Equity Fund – Series I

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)
Net asset value, beginning of period	66.43	55.85	46.72	33.54	29.56	29.03
Increase (decrease) from operations:						
Total revenue	1.07	1.01	0.86	0.64	0.58	0.58
Total expenses	(0.18)	(0.16)	(0.15)	(0.02)	(0.01)	(0.01)
Realized gains (losses) for the period	4.49	5.54	8.77	3.64	1.69	1.69
Unrealized gains (losses) for the period	(1.94)	5.19	(0.15)	9.79	–	–
Total increase (decrease) from operations⁽²⁾	3.44	11.58	9.33	14.05	2.26	2.26
Distributions:						
From income (excluding dividends)	(0.87)	(1.06)	(0.90)	(0.71)	(0.63)	(0.63)
From dividends	(0.02)	(0.01)	(0.01)	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	(0.05)	–	–	–	–	–
Total annual distributions⁽³⁾	(0.94)	(1.07)	(0.91)	(0.71)	(0.63)	(0.63)
Net asset value, end of period	69.10	66.43	55.85	46.72	33.54	33.68

Sun Life MFS U.S. Equity Fund – Series O

	2016 (\$)	2015 (\$)	2014 (\$)
Net asset value, beginning of period	13.46	11.32	10.00
Increase (decrease) from operations:			
Total revenue	0.22	0.20	0.14
Total expenses	(0.06)	(0.06)	(0.05)
Realized gains (losses) for the period	0.95	1.11	1.79
Unrealized gains (losses) for the period	(0.34)	1.08	1.14
Total increase (decrease) from operations⁽²⁾	0.77	2.33	3.02
Distributions:			
From income (excluding dividends)	(0.15)	(0.20)	(0.18)
From dividends	–	–	–
From capital gains	–	–	–
Return of capital	(0.01)	–	–
Total annual distributions⁽³⁾	(0.16)	(0.20)	(0.18)
Net asset value, end of period	14.00	13.46	11.32

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

⁽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.

⁽⁴⁾ Comparatives prior to 2013 are prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Figures subsequent to 2013 are prepared in accordance with International Financial Reporting Standards ("IFRS").

Ratios and Supplemental Data⁽⁶⁾

Sun Life MFS U.S. Equity Fund – Series A

	2016	2015	2014	2013	2012	2012 USD
Total net asset value (\$) ⁽¹⁾	9,644,502	7,863,132	5,035,221	2,739,130	1,158,260	1,163,264
Number of units outstanding ⁽¹⁾	147,865	124,216	93,875	60,564	35,381	35,381
Management expense ratio (%) ⁽²⁾	2.42	2.42	2.42	2.42	2.29	2.29
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.42	2.42	2.42	2.42	2.29	2.29
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.09	0.09
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	24.30	25.33	30.72	39.09	150.12	150.19
Net asset value per unit (\$) ⁽¹⁾	65.23	63.30	53.64	45.23	32.74	32.88

Sun Life MFS U.S. Equity Fund – Series D

	2016	2015	2014	2013	2012	2012 USD
Total net asset value (\$) ⁽¹⁾	34,200,613	36,129,234	35,053,323	33,460,580	31,953,335	32,091,373
Number of units outstanding ⁽¹⁾	500,601	549,087	633,694	722,431	960,693	960,693
Management expense ratio (%) ⁽²⁾	1.60	1.60	1.60	1.64	1.55	1.55
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.60	1.60	1.60	1.64	1.55	1.55
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.09	0.09
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	24.30	25.33	30.72	39.09	150.12	150.19
Net asset value per unit (\$) ⁽¹⁾	68.32	65.80	55.32	46.32	33.26	33.40

Sun Life MFS U.S. Equity Fund – Series F

	2016	2015	2014	2013	2012	2012 USD
Total net asset value (\$) ⁽¹⁾	10,404,386	10,260,870	18,627,917	19,742,639	16,801,167	16,873,748
Number of units outstanding ⁽¹⁾	153,172	156,898	339,709	430,619	509,161	509,161
Management expense ratio (%) ⁽²⁾	1.34	1.35	1.35	1.36	1.31	1.31
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.34	1.35	1.35	1.36	1.31	1.31
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.09	0.09
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	24.30	25.33	30.72	39.09	150.12	150.19
Net asset value per unit (\$) ⁽¹⁾	67.93	65.40	54.83	45.85	33.00	33.14

Sun Life MFS U.S. Equity Fund

Sun Life MFS U.S. Equity Fund – Series I

	USD					
	2016	2015	2014	2013	2012	2012
Total net asset value (\$) ⁽¹⁾	546,057,548	556,745,320	428,498,444	517,670,819	403,701,529	405,445,519
Number of units outstanding ⁽¹⁾	7,902,849	8,381,031	7,672,654	11,080,205	12,039,384	12,039,384
Management expense ratio (%) ⁽²⁾	0.03	0.03	0.03	0.04	0.05	0.05
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.03	0.03	0.03	0.04	0.05	0.05
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.09	0.09
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	24.30	25.33	30.72	39.09	150.12	150.19
Net asset value per unit (\$) ⁽¹⁾	69.10	66.43	55.85	46.72	33.54	33.68

Sun Life MFS U.S. Equity Fund – Series O

	2016	2015	2014
Total net asset value (\$) ⁽¹⁾	8,089,460	7,147,336	4,326,159
Number of units outstanding ⁽¹⁾	577,980	531,030	382,106
Management expense ratio (%) ⁽²⁾	0.23	0.23	0.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.23	0.23	0.23
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	24.30	25.33	30.72
Net asset value per unit (\$) ⁽¹⁾	14.00	13.46	11.32

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

⁽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.

⁽⁶⁾ Comparatives prior to 2013 are prepared in accordance with Canadian GAAP. Figures subsequent to 2013 are prepared in accordance with IFRS.

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	2.00	38	62
Series D Units	1.25	15	85
Series F Units	1.00	—	100
Series I Units	—	—	—
Series O Units ²	1.00	—	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.

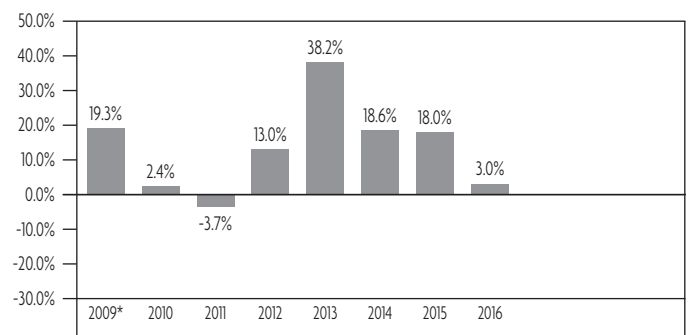
PAST PERFORMANCE

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

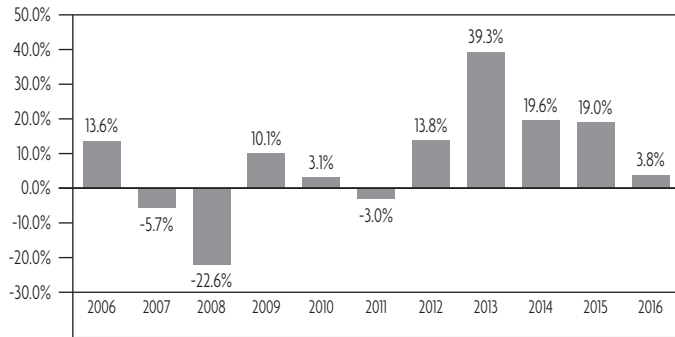
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

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

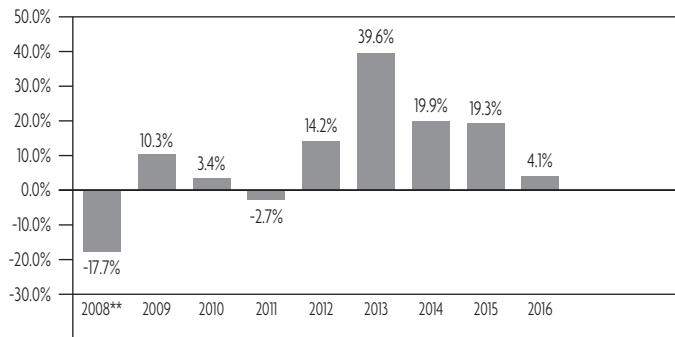


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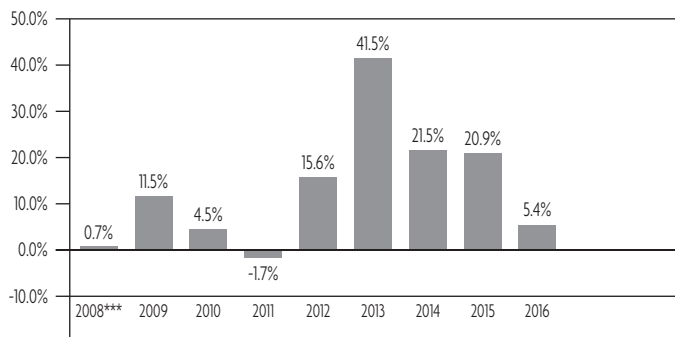
Series D Units – Annual return for the period ended December 31, 2016



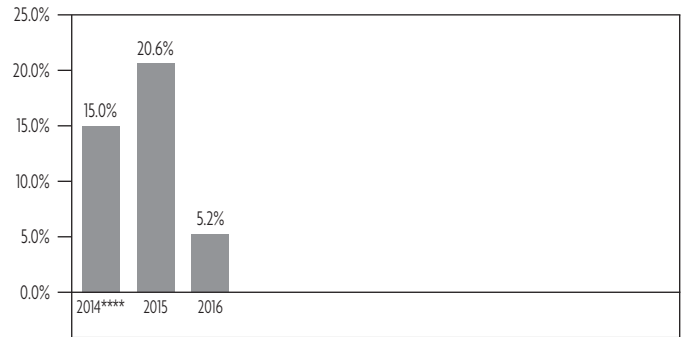
Series F Units – Annual return for the period ended December 31, 2016



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



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



* for the period of March 31, 2009 to December 31, 2009

** for the period of February 13, 2008 to December 31, 2008

*** for the period of November 28, 2008 to December 31, 2008

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

Annual Compound Returns

The following table compares the historical annual compound total returns of Series A, D, F, I and O units of the Fund with the S&P 500 C\$ Index.

The S&P 500 C\$ Index measures the performance of the stock market index based on the market capitalizations of 500 leading companies publicly traded in the U.S. stock market.

The Series A units underperformed the benchmark since inception, over the past five years, over the past three years and over the past year.

	Performance				
	1 Year	3 Year	5 Year	10 Year	Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Sun Life MFS U.S. Equity Fund – Series A					
	3.0%	13.0%	17.6%	N/A	13.4%
S&P 500 C\$ Index					
	8.1%	17.7%	21.2%	N/A	17.7%
Sun Life MFS U.S. Equity Fund – Series O					
	5.2%	N/A	N/A	N/A	14.8%
S&P 500 C\$ Index					
	8.1%	N/A	N/A	N/A	17.0%
Sun Life MFS U.S. Equity Fund – Series D					
	3.8%	13.9%	18.5%	6.5%	N/A
S&P 500 C\$ Index					
	8.1%	17.7%	21.2%	8.5%	N/A
Sun Life MFS U.S. Equity Fund – Series F					
	4.1%	14.2%	18.9%	N/A	9.1%
S&P 500 C\$ Index					
	8.1%	17.7%	21.2%	N/A	11.8%
Sun Life MFS U.S. Equity Fund – Series I					
	5.4%	15.7%	20.4%	N/A	14.2%
S&P 500 C\$ Index					
	8.1%	17.7%	21.2%	N/A	15.5%

Sun Life MFS U.S. Equity Fund

- ⁽¹⁾ The performance start date for Series A units was April 1, 2009.
- ⁽²⁾ The performance start date for Series D units was December 31, 1988. The performance start date may be different from the series creation date as the Manager did not distribute securities to the public immediately after their creation. The performance start date reflects the date the Manager began accepting subscriptions and calculating a daily net asset value for the series.
- ⁽³⁾ The performance start date for Series F units was February 15, 2008. The performance start date may be different from the series creation date as the Manager did not distribute securities to the public immediately after their creation. The performance start date reflects the date the Manager began accepting subscriptions and calculating a daily net asset value for the series.
- ⁽⁴⁾ The performance start date for Series I units was December 1, 2008. The performance start date may be different from the series creation date as the Manager did not distribute securities to the public immediately after their creation. The performance start date reflects the date the Manager began accepting subscriptions and calculating a daily net asset value for the series.
- ⁽⁵⁾ The performance start date for Series O units was April 1, 2014.

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at December 31, 2016

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Alphabet Inc.	4.6
2 JPMorgan Chase & Co.	4.2
3 Bank of America Corporation	3.5
4 Visa Inc.	2.8
5 The Goldman Sachs Group Inc.	2.5
6 Thermo Fisher Scientific Inc.	2.4
7 American Tower Corp.	2.4
8 Broadcom Ltd.	2.3
9 Schlumberger Ltd.	2.2
10 Comcast Corp.	2.1
11 Danaher Corp.	2.1
12 Accenture PLC	2.0
13 Cognizant Technology Solutions Corp.	2.0
14 MasterCard Inc.	1.9
15 Canadian National Railway Co.	1.9
16 Mondelez International Inc.	1.9
17 Fidelity National Information Services Inc.	1.8
18 EOG Resources Inc.	1.8
19 Cash	1.8
20 Johnson & Johnson	1.7
21 Newell Rubbermaid Inc.	1.7
22 Honeywell International Inc.	1.7
23 Monsanto Co.	1.7
24 BlackRock Inc.	1.5
25 LVMH Moët Hennessy Louis Vuitton SA	1.4
	55.9
Total Net Asset Value (000's)	\$ 608,397

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Information Technology	21.7
Financials	18.8
Health Care	15.1
Consumer Discretionary	13.7
Consumer Staples	9.7
Industrials	6.5
Energy	4.9
Materials	4.9
Telecommunication Services	2.4
Cash and Cash Equivalents ⁽²⁾	1.8
Utilities	0.5
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
U.S. Equities	81.2
International Equities	15.1
Canadian Equities	1.9
Cash and Cash Equivalents ⁽²⁾	1.8
	100.0

⁽¹⁾ 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 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.

Sun Life MFS U.S. Equity Fund

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 MFS U.S. Equity 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.
150 King Street West, Toronto, Ontario, M5H 1J9
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



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