
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2017

Sun Life MFS Low Volatility International Equity Fund



Sun Life MFS Low Volatility International Equity 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, 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 MFS Low Volatility International Equity Fund (the "Fund") decreased from \$62.0 million to \$21.2 million. The decrease in net asset value was due to net outflows caused by an institutional level re-balancing, partially offset by positive performance during the period.

During the period, the Fund returned 9.1% for Series A units. This result lagged the Fund's benchmark, the MSCI EAFE C\$, which returned 10.2%. 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.

Stock selection and currency effect in the Consumer Staples sector negatively affected relative performance. The Fund's overweight holdings of convenience store chain Lawson (Japan), food manufacturer Toyo Suisan Kaisha (Japan) and seafood company Marine Harvest (Norway) all held back relative performance. Not holding a strong-performing consumer goods company Unilever (United Kingdom) hurt relative performance as the company outpaced the benchmark during the six month period.

During the reporting period, the Fund's relative currency exposure, resulting primarily from differences between the Fund's and the benchmark's exposures to holdings of securities denominated in foreign currencies, detracted from relative performance.

Favourable stock selection in the Materials sector was a positive factor for performance relative to the benchmark. In addition, the Fund's underweight to the Energy sector also contributed to relative performance. Here, avoiding a poor-performing global energy and petrochemicals company Royal Dutch Shell (United Kingdom) aided relative results.

Recent Developments

For the first time in many years, markets are experiencing synchronized global economic growth. The rebound in Emerging Markets ("EM") economies has been more pronounced (despite the deceleration in Chinese growth at

the end of the period), helped by some larger economies (i.e., Brazil and Russia) emerging from recessions. At the same time, Developed Market ("DM") economies continued to grow at or above potential. Market confidence increased in the U.S. after the presidential election in November in anticipation of lower taxes, a lighter regulatory burden and increased infrastructure spending, boosting U.S. equities and corporate bond performance. While global inflation faded during the period as commodity prices, particularly oil, leveled off or declined, global growth remained relatively resilient. As a result, there have been more tightening signals and actions by DM central banks. The U.S. Federal Reserve increased interest rates by 0.25% at the end of the period, bringing the total number of 0.25% hikes in the Federal Funds rate to four since December 2015. The European Central Bank ("ECB") appears set on announcing Quantitative Easing tapering in the fall of 2017. The Bank of England may also begin reducing monetary accommodation. Markets have been comforted (along with central banks) by the decline in fears of a populist wave in Europe after establishment candidates won the Dutch and French elections. European growth has reflected the more constructive political economic backdrop.

The headwind of a stronger U.S. dollar faded during the period while U.S. consumer spending held up well amid a modest increase in real wages and relatively low gasoline prices. Demand for automobiles tapered off from near-record territory at the end of the period, while the housing market continued its recovery amid relatively low mortgage rates and tight inventories. Global trade, which was sluggish early in the period, showed signs of improvement, a positive indicator of global economic activity and prospects. Receding fears that President Trump would follow through on various campaign threats and promises that were judged to be detrimental to EM, helped EM resume their upward trajectory, powered by strong inflows throughout the first half of 2017.

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,

Sun Life MFS Low Volatility International Equity Fund

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 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, T5, T8, F, I and O. The date of creation for all Series was February 11, 2016.

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 June 30, 2017.

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

Sun Life MFS Low Volatility International Equity Fund – Series A

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.56	10.00
Increase (decrease) from operations:		
Total revenue	0.25	0.28
Total expenses	(0.20)	(0.48)
Realized gains (losses) for the period	0.90	(0.42)
Unrealized gains (losses) for the period	(0.04)	0.47
Total increase (decrease) from operations ⁽²⁾	0.91	(0.15)
Distributions:		
From income (excluding dividends)	(0.03)	(0.24)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions ⁽³⁾	(0.03)	(0.24)
Net asset value, end of period	10.40	9.56

Sun Life MFS Low Volatility International Equity Fund

Sun Life MFS Low Volatility International Equity Fund – Series T5

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	14.03	15.00
Increase (decrease) from operations:		
Total revenue	0.34	0.46
Total expenses	(0.30)	(0.74)
Realized gains (losses) for the period	1.11	(0.52)
Unrealized gains (losses) for the period	0.13	0.54
Total increase (decrease) from operations⁽²⁾	1.28	(0.26)
Distributions:		
From income (excluding dividends)	(0.35)	(0.22)
From dividends	–	–
From capital gains	–	–
Return of capital	–	(0.47)
Total annual distributions⁽³⁾	(0.35)	(0.69)
Net asset value, end of period	14.94	14.03

Sun Life MFS Low Volatility International Equity Fund – Series T8

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	13.63	15.00
Increase (decrease) from operations:		
Total revenue	0.33	0.45
Total expenses	(0.28)	(0.72)
Realized gains (losses) for the period	1.07	(0.51)
Unrealized gains (losses) for the period	0.11	0.59
Total increase (decrease) from operations⁽²⁾	1.23	(0.19)
Distributions:		
From income (excluding dividends)	(0.54)	(0.35)
From dividends	–	–
From capital gains	–	–
Return of capital	–	(0.75)
Total annual distributions⁽³⁾	(0.54)	(1.10)
Net asset value, end of period	14.31	13.63

Sun Life MFS Low Volatility International Equity Fund – Series F

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.62	10.00
Increase (decrease) from operations:		
Total revenue	0.23	0.30
Total expenses	(0.13)	(0.30)
Realized gains (losses) for the period	0.77	(0.33)
Unrealized gains (losses) for the period	0.07	0.20
Total increase (decrease) from operations⁽²⁾	0.94	(0.13)
Distributions:		
From income (excluding dividends)	(0.05)	(0.28)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.05)	(0.28)
Net asset value, end of period	10.50	9.62

Sun Life MFS Low Volatility International Equity Fund – Series I

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.82	10.00
Increase (decrease) from operations:		
Total revenue	0.21	0.29
Total expenses	(0.04)	(0.07)
Realized gains (losses) for the period	0.49	(0.31)
Unrealized gains (losses) for the period	0.31	–
Total increase (decrease) from operations⁽²⁾	0.97	(0.09)
Distributions:		
From income (excluding dividends)	(0.09)	(0.20)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.09)	(0.20)
Net asset value, end of period	10.74	9.82

Sun Life MFS Low Volatility International Equity Fund – Series O

	2017 (\$)	2016 (\$)
Net asset value, beginning of period	9.61	10.00
Increase (decrease) from operations:		
Total revenue	0.23	0.28
Total expenses	(0.06)	(0.09)
Realized gains (losses) for the period	0.81	(0.37)
Unrealized gains (losses) for the period	–	0.12
Total increase (decrease) from operations⁽²⁾	0.98	(0.06)
Distributions:		
From income (excluding dividends)	(0.08)	(0.35)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.08)	(0.35)
Net asset value, end of period	10.51	9.61

⁽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.

Sun Life MFS Low Volatility International Equity Fund

Ratios and Supplemental Data

Sun Life MFS Low Volatility International Equity Fund – Series A

	2017	2016
Total net asset value (\$) ⁽¹⁾	472,452	290,275
Number of units outstanding ⁽¹⁾	45,437	30,353
Management expense ratio (%) ⁽²⁾	2.41	2.43
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.41	2.43
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	10.40	9.56

Sun Life MFS Low Volatility International Equity Fund – Series T5

	2017	2016
Total net asset value (\$) ⁽¹⁾	10,735	9,829
Number of units outstanding ⁽¹⁾	718	701
Management expense ratio (%) ⁽²⁾	2.50	2.51
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.50	2.51
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	14.94	14.03

Sun Life MFS Low Volatility International Equity Fund – Series T8

	2017	2016
Total net asset value (\$) ⁽¹⁾	15,931	14,590
Number of units outstanding ⁽¹⁾	1,114	1,071
Management expense ratio (%) ⁽²⁾	2.44	2.47
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.44	2.47
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	14.31	13.63

Sun Life MFS Low Volatility International Equity Fund – Series F

	2017	2016
Total net asset value (\$) ⁽¹⁾	81,695	77,417
Number of units outstanding ⁽¹⁾	7,784	8,051
Management expense ratio (%) ⁽²⁾	1.38	1.34
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.38	1.34
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	10.50	9.62

Sun Life MFS Low Volatility International Equity Fund – Series I

	2017	2016
Total net asset value (\$) ⁽¹⁾	20,396,077	61,396,825
Number of units outstanding ⁽¹⁾	1,899,399	6,255,173
Management expense ratio (%) ⁽²⁾	0.06	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.06
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	10.74	9.82

Sun Life MFS Low Volatility International Equity Fund – Series O

	2017	2016
Total net asset value (\$) ⁽¹⁾	215,977	216,452
Number of units outstanding ⁽¹⁾	20,544	22,519
Management expense ratio (%) ⁽²⁾	0.22	0.22
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.22	0.22
Trading expense ratio (%) ⁽³⁾	0.22	0.37
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	27.59	124.74
Net asset value per unit (\$) ⁽¹⁾	10.51	9.61

⁽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.

⁽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.

Sun Life MFS Low Volatility International Equity Fund

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 (%) ¹	General Administration, Investment Advice and Profit (%)
Series A Units	2.00	39	61
Series T5 Units	2.00	44	56
Series T8 Units	2.00	39	61
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.

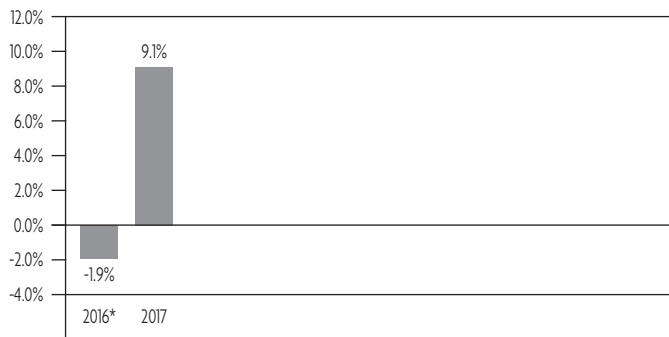
PAST PERFORMANCE

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 and the six month period ended June 30, 2017



Series T5 Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



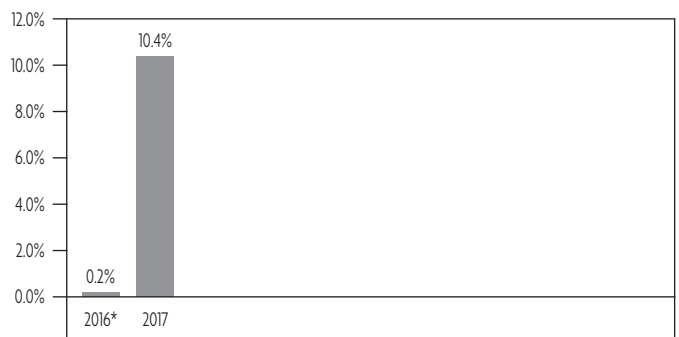
Series T8 Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



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

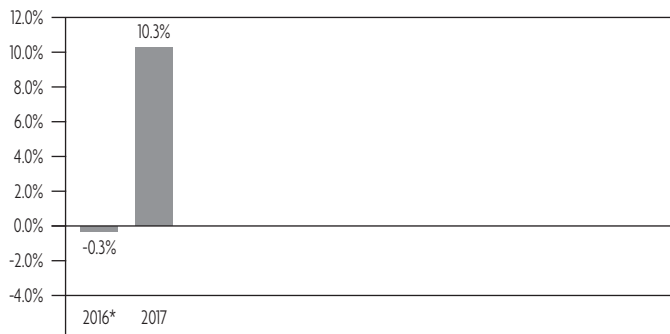


Series I Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Sun Life MFS Low Volatility International Equity Fund

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



* for the period February 11, 2016 to December 31, 2016

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at June 30, 2017 (unaudited)

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Nestle SA	3.5
2 Enel SpA	3.0
3 Novartis AG	2.8
4 Reckitt Benckiser Group PLC	2.8
5 Roche Holding AG	2.7
6 ABC-Mart Inc.	2.4
7 Vodafone Group PLC	2.4
8 KDDI Corp.	2.0
9 Jyske Bank A/S	1.9
10 CLP Holdings Ltd.	1.9
11 East Japan Railway Co.	1.9
12 Fisher & Paykel Healthcare Corp., Ltd.	1.9
13 Terumo Corp.	1.7
14 Zurich Financial Services AG	1.6
15 APA Group	1.5
16 Lawson Inc.	1.5
17 Kao Corp.	1.5
18 DBS Group Holdings Ltd.	1.4
19 KBC Groep NV	1.4
20 Ezaki Glico Co Ltd.	1.4
21 Insurance Australia Group Ltd.	1.4
22 Amadeus IT Holding SA	1.4
23 Saab AB	1.3
24 Grand City Properties SA	1.3
25 Westpac Banking Corp.	1.3
	47.9
Total Net Asset Value (000's)	\$ 21,193

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Consumer Staples	17.9
Financials	16.1
Health Care	13.3
Consumer Discretionary	11.5
Industrials	11.1
Utilities	8.4
Information Technology	5.1
Telecommunication Services	5.0
Real Estate	4.1
Materials	3.8
Cash and Cash Equivalents ⁽²⁾	2.2
Energy	1.5
	100.0

Geographic Allocation

	Percentage of Net Asset Value of the Fund (%)
Europe (excluding United Kingdom)	40.6
Japan	25.4
United Kingdom	14.7
Australia	7.3
Hong Kong	4.0
Singapore	3.1
Cash and Cash Equivalents ⁽²⁾	2.2
New Zealand	1.8
Bermuda	0.9
	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.

Sun Life MFS Low Volatility International 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.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Sun Life MFS Low Volatility International 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.

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I L L U M I N A T I N G