

Sun Life Multi-Strategy Bond Fund

FUND REVIEW Q1, 2017 - OPINIONS AS OF MARCH 31, 2017

CATEGORY¹

Canadian Fixed Income

MANAGEMENT COMPANY

Sun Life Global Investments
(Canada) Inc.

INCEPTION DATE

September 1, 2011

PORTFOLIO MANAGERS

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HIGHLIGHTS

- Sun Life Multi-Strategy Bond Fund rose 1.5% in Q1
- U.S. and Canadian bond yields fell
- Overweight corporate bonds
- Overweight active strategies versus passive

¹ Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

OUTLOOK

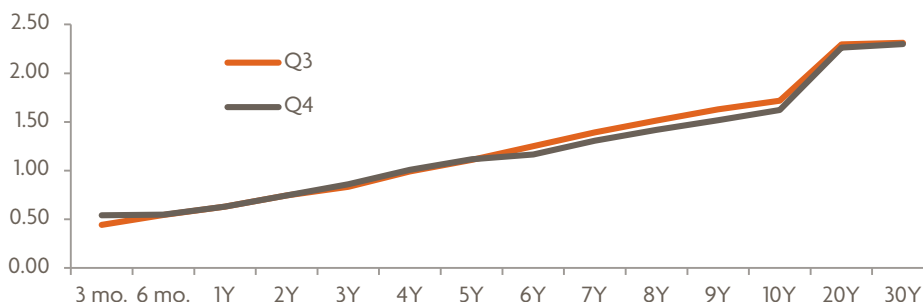
The election of U.S. President Donald Trump continued to buoy the S&P 500 with valuations holding near record highs in anticipation of his promised economic stimulus program.

It was a combination of potentially increased economic growth and a more hawkish U.S. Federal Reserve that caused one of the greatest spikes in bond yields in decades in late 2016. But with Trump's pro-growth agenda not moving forward as quickly as previously thought, the yield on Canadian 10-year bonds fell from 1.87% to 1.63% in Q1. Similarly, yields on U.S. 10-year Treasuries moved lower from 2.63% to 2.39%.

For now, with the U.S. economy improving we expect that the Fed will continue to raise interest rates, but slowly. In contrast, we believe the Bank of Canada will likely hold the line on rates until the economy improves further.

However, Trump's economic stimulus proposal, which includes massive corporate tax cuts and a \$1-trillion infrastructure building plan, remains the wild card. Without it we expect any rise in yields to be marginal, but if we get a major economic stimulus boost, yields could rise quickly in anticipation of greater economic growth and a more aggressive Fed.

YIELD CURVE



Source: Bloomberg. Data as of March 31, 2017.

FUND REVIEW

Sun Life Multi-Strategy Bond Fund rose 1.5% in Q1.

The fund benefitted in Q1 when yields retreated and bond prices climbed.

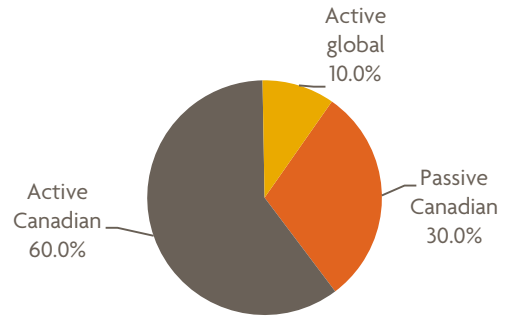
With yields remaining low, the fund's actively managed strategies, which have a 70% allocation, also helped produce a positive return.

The active managers were able to outperform the passive component, which is invested primarily in government bonds, in part by overweighting corporate bonds and emerging market debt.

With the U.S. Federal Reserve moving slowly and the Bank of Canada reluctant to raise rates, we believe yields will be range bound.

As a result, we will continue to stress active strategies and expect to maintain an overweight position in corporate bonds and emerging market debt in the coming months, but in a defensive manner.

TARGET ALLOCATIONS

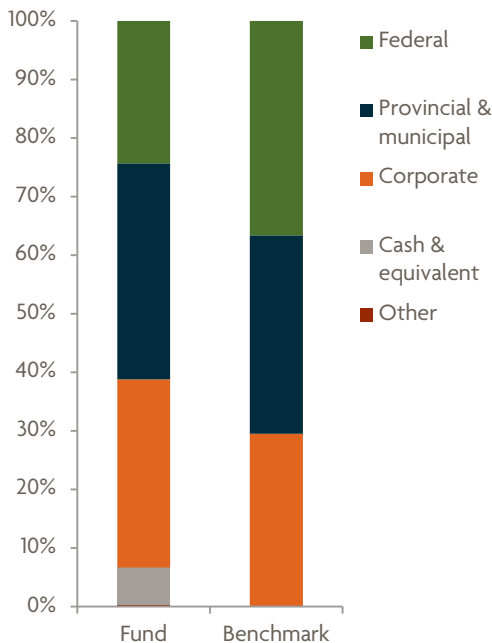


	FUND	BENCHMARK*
Duration (years)	6.5	7.1
Yield to maturity (%)	2.5	2.1

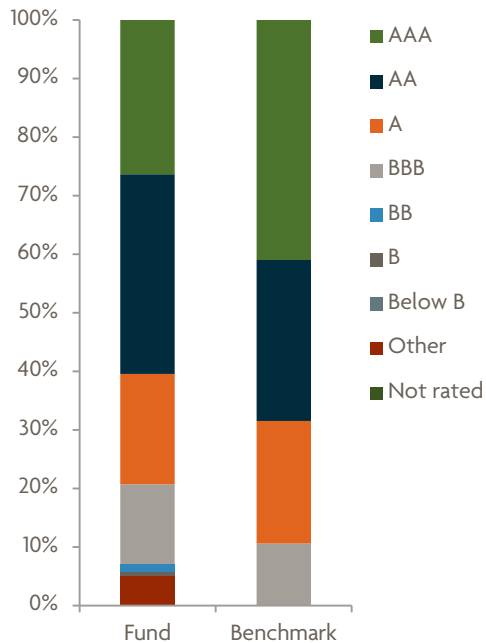
Source: Bloomberg. Data as of March 31, 2017.

*Throughout this document, "Benchmark" refers to the FTSE TMX Canada Universe Bond Index.

BREAKDOWN BY SECURITY TYPE



BREAKDOWN BY CREDIT QUALITY



Source: Bloomberg. Data as of March 31, 2017.

FUND RETURNS % SERIES A					
Q1	1YR	3YR	5YR	SINCE INCEPTION	INCEPTION DATE
1.5	1.0	1.7	1.0	1.4	September 1, 2011

Returns for periods longer than one year are annualized. Data as of March 31, 2017.

Effective May 2, 2016, Sun Life Beutel Goodman Canadian Bond Fund moved to a multi-strategy approach, was renamed Sun Life Multi-Strategy Bond Fund, and Beutel Goodman and Company Ltd. was removed as sub-advisor. The Fund's assets will be allocated among four underlying managers: BlackRock Asset Management; Connor, Clark & Lunn Investment Management Ltd. (as sub-advisor), Franklin Templeton Investments and Phillips, Hager & North Investment Management.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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