

Sun Life Milestone Funds

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

MANAGEMENT COMPANY

Sun Life Global Investments
(Canada) Inc.

INCEPTION DATE

October 1, 2010

PORTFOLIO MANAGERS

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HIGHLIGHTS

- Sun Life Milestone Funds produced positive returns for the quarter
- Overall equity exposure helped generate positive returns
- Overweight U.S. and Canadian equity exposure
- Underweight international equity exposure

OUTLOOK

U.S. President Donald Trump came to power promising to deliver steep tax cuts and a massive economic stimulus program. Since then not much has happened on that front, but equity markets seem to be embracing Trump and consumer confidence has been improving – at least in the U.S.

In Canada, the federal government is still rolling out its economic stimulus program. However, economic growth continues to surprise to the upside. But there is some uncertainty over whether OPEC and some non-OPEC countries will be able to follow through on their agreement to reduce oil production. As a result, oil prices have been volatile.

Another issue adding to economic uncertainty in Canada is the potential re-negotiation of NAFTA. We believe these negotiations will happen, but we don't anticipate that the outcome will impact growth in 2017.

Despite the political upheaval in Europe economic growth has been decent, jobs have been created and consumer confidence has been growing. But with two elections coming up, we think the next quarter will be very important in determining the future health of the EU, and whether it's time to look for opportunities to invest or to be bearish.

Overall we are slightly bullish on equity markets. But much of this depends on whether Trump can deliver on his promise to stimulate the U.S. economy.

FUND DATA AS OF MARCH 31, 2017

FUND	GUARANTEED MATURITY VALUE \$	MARKET VALUE \$	EQUITY ALLOCATION %	STRIP BOND ALLOCATION %
2020 Fund	11.9108	11.7542	2.6	97.4
2025 Fund	13.3056	13.0130	12.9	87.1
2030 Fund	14.5362	14.1961	24.5	75.5
2035 Fund	14.7984	14.5835	38.6	61.4

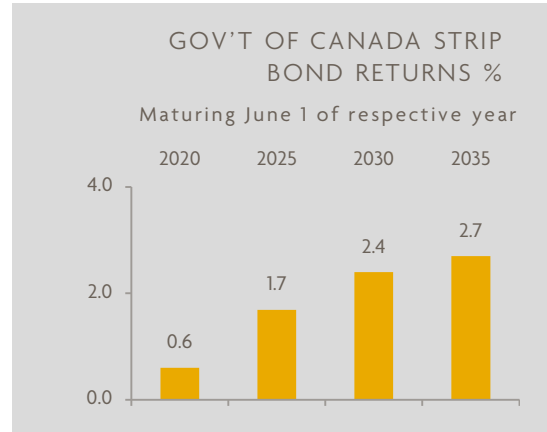
FUND REVIEW

The strong performance of equities helped produced positive returns across all four Milestone Funds in Q1.

The guaranteed maturity value for the Milestone Funds remained unchanged. For example, the discount to the GMV for the 2035 Fund remained at 2.5% on March 31. Investors who hold their Sun Life Milestone Fund units to maturity are guaranteed to receive the highest month-end unit value achieved over the life of the fund.

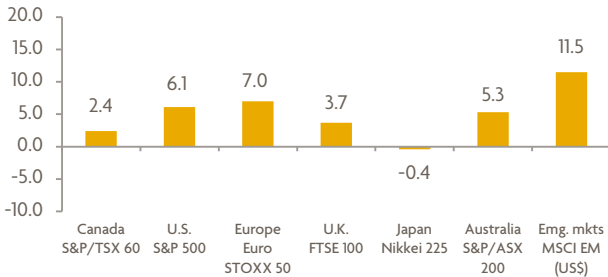
In Q1 we increased our exposure to U.S. equities in Sun Life Milestone Global Equity Fund. U.S. markets, and those in many developed countries, rose in late 2016. That strength continued in Q1 with the possibility of Trump’s economic stimulus program being adopted. As well, we increased our exposure to emerging markets which rallied in Q1 when it became apparent that access to U.S. markets may not be reduced through trade restrictions.

After spiking higher in 2016, yields fell in Canada and the United States in Q1. We expect further increases in the coming months. However, the outlook for equities and interest rates could change if Trump is unable to enact his stimulus program and boost the U.S. economy.



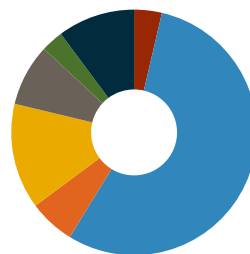
Source: RBC Investor Services. Data as of March 31, 2017.

EQUITY MARKET RETURNS %
Total return, local currency



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

SUN LIFE MILESTONE GLOBAL EQUITY FUND
Geographic exposure %



Canada	3.7
U.S.	55.1
Europe	13.9
U.K.	6.0
Japan	8.1
Australia	2.9
Emg mkts	10.2

Equity exposure for Sun Life Milestone Funds is obtained through investment in units of Sun Life Milestone Global Equity Fund, which returned 6.4% in Q1. Our enhanced market exposure in Sun Life Milestone Global Equity Fund reflects our stronger outlook for equities. (Enhanced market exposure is defined as total market exposure from futures contracts held in the fund divided by the total net assets of the fund.)

FUND	FUND RETURNS % SERIES A				SINCE INCEPTION	INCEPTION DATE
	Q1	1YR	3YR	5YR		
Sun Life Milestone 2020 Fund	0.4	-0.3	1.9	2.2	2.5	October 1, 2010
Sun Life Milestone 2025 Fund	1.4	0.1	3.9	3.5	4.0	October 1, 2010
Sun Life Milestone 2030 Fund	2.2	1.7	5.3	4.9	5.4	October 1, 2010
Sun Life Milestone 2035 Fund	3.0	4.1	5.7	5.7	5.8	October 1, 2010
Sun Life Milestone Global Equity Fund Series I	6.4	19.2	9.5	13.4	12.0	October 1, 2010
MSCI All Country World Index*	6.3	18.6	11.9	14.8	-	-

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

*Total return, local currency. Effective July 1, 2015, the benchmark for Sun Life Milestone Global Equity Fund was changed from MSCI World Index to MSCI All Country World Index. The benchmark returns prior to July 1, 2015 are those of MSCI World Index.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please 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 fund values change frequently and past performance may not be repeated. Mutual funds are not generally guaranteed, although the Sun Life Milestone Funds benefit from the guarantee described below.

We have structured each Sun Life Milestone Fund so that it will have sufficient assets to pay the Guaranteed Value per unit on its respective maturity date. If the net asset value per unit on the maturity date of a Sun Life Milestone Fund is less than the Guaranteed Value per unit, then Sun Life Assurance Company of Canada, as sub-advisor to the Sun Life Milestone Funds, ("Sun Life", or the "guarantor") has agreed to pay the shortfall to the Sun Life Milestone Fund. Any shortfall payment is subject to the financial health and creditworthiness of Sun Life. The respective maturity dates for the Sun Life Milestone Funds is June 30 of the year in the corresponding fund's name. The maturity date for a Sun Life Milestone Fund may be accelerated in certain circumstances, in which case an accelerated Guaranteed Value will be calculated. In such a case, the applicable Sun Life Milestone Fund will pay the greater of the net asset value per unit on the accelerated maturity date and the net present value per unit of the Guaranteed Value. If you redeem your securities of the Sun Life Milestone Funds prior to their respective maturity dates, your redemption will be processed at the current net asset value per security, less any applicable redemption fees, and you will not benefit from the Guaranteed Value at maturity. Additional information, including specific risks associated with the Sun Life Milestone Funds, can be found in the prospectus.

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