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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, 2015

Sun Life Beutel Goodman Canadian Bond Fund



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



# Sun Life Beutel Goodman Canadian Bond 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 Objective and Strategies

The fundamental investment objective of the Sun Life Beutel Goodman Canadian Bond Fund (the "Fund") is to seek to earn a high rate of income by investing primarily in fixed-income securities of Canadian government and corporate issuers.

The Fund's sub-advisor is Beutel Goodman & Company Ltd. ("Beutel Goodman"). In pursuing the Fund's investment objective, the sub-advisor actively manages the portfolio to seek to add value. The Fund invests primarily in a well-diversified portfolio of Canadian government and Canadian corporate debt instruments of various maturities, either in the market or through private placement. The fund may also from time to time invest up to 20% of the Fund's portfolio in fixed-income securities of governments and companies outside of Canada.

### 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 \$896.0 million to \$748.8 million. The decrease in net asset value was attributable to net redemptions, partially offset by positive performance in the period.

During the period, the Fund returned 0.2% for Series A units. This result trailed the Fund's benchmark, the FTSE TMX Canada Universe Bond Index, which returned 3.5%. 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.

For the one year period under review, the FTSE TMX Canada Bond Universe Index increased 3.5% on a total return basis. The Provincial and Federal sectors both outperformed the Index while the Corporate and Municipal sectors

underperformed. Yields decreased, with the greatest movement in the short-end of the yield curve. Corporate credit spreads widened over the period. Corporate sector performance has been affected by illiquidity as well as a heavy amount of new issuance, mostly with significant concessions to secondary spreads. The depressed commodity price environment has weighed heavily on energy related credits. There was continued pullback in reach for yield as the FTSE TMX Canada High Yield Index underperformed all other corporate indices, returning -3.8% for the year, mainly attributable to concerns in the oil and gas sector as well as increased leverage.

The Fund had a positive return, but underperformed the FTSE TMX Canada Bond Universe Index for the period. The shortfall was largely attributed to the portfolio's corporate security selection, including the Enbridge effect. During June, Enbridge Inc. provided more details on its proposed drop down of assets from the holding company to Enbridge Income Fund. The company decided not to offer any other consideration to bondholders, thereby creating structural subordination. The rating agency and bond market reactions to the announcement were swift and significantly negative. In addition, an overweight position in long pipeline and utility credits detracted, as they underperformed relative to other corporate bonds. The Fund's short duration position detracted value, with the majority of the underperformance occurring earlier in the year after the Bank of Canada cut the overnight rate. Curve positioning also detracted due to underperformance in the short end of the curve. The Fund's U.S. pay position added value over the period.

The Fund's strategy was adjusted over the year. While remaining short duration versus the FTSE TMX Canada Universe Bond Index, some of the magnitude of that short position has been trimmed. Term maturity bucket strategy has also been altered slightly, moving some weightings further out the yield curve. The Fund remains zero weight the cash maturity bucket in the belief that the Bank of Canada will maintain a lean towards monetary easing. The Fund's projected roll return versus that of the Index has also improved. The Fund remains underweight Government of Canada and provincial bonds and overweight corporate bonds. With respect to the corporate bond market, the Fund remains constructive on corporate bond spreads. After a relatively benign 2015, event risk is intensifying, stemming

# Sun Life Beutel Goodman Canadian Bond Fund

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from an increased chance of mergers and acquisitions, leveraged buyouts, corporate defaults, and ratings downgrades. With the liquidity pressure from the outflows on higher risk corporates together with increased event risk, the Fund continues to invest in safe haven corporate bonds and is not enticed to chase yield at the expense of the proper evaluation of credit risk. The recent widening in corporate credit spreads is overdone and represents an opportunity.

## Recent Developments

Canadian interest rates declined in the year ending December 31, 2015. The Bank of Canada surprised the market with a 25 basis point cut to the overnight rate in January, which sent yields spiralling downward. The Bank stated that the decision to decrease rates was in response to the sharp drop in oil prices, which the Bank expects will have a negative effect on growth and underlying inflation in Canada. The Bank of Canada further lowered its target for the overnight rate by 25 basis points to 0.5% in July. After the weak Gross Domestic Product (GDP) and trade numbers released in June, a cut had been widely expected by the market. Commodity prices continued to fall in 2015, in particular oil. By the end of the year, oil had fallen to just over \$37, a level not seen since the lows of the financial crisis. Prices for copper and several other industrial commodities similarly approached or breached their lows of 2008. The effect on the currencies of resource-based economies was pronounced. The Canadian dollar fell to 72.3 cents, a level not seen since 2004.

In December, for the first time in nine years, the U.S. Federal Reserve (the “Fed”) hiked the Federal Funds rate, increasing it by 25 basis points to 0.25-0.50% from 0-0.25%, thereby moving off the zero bound where it had been since December 2008. The rate increase was strongly signaled by the Fed and well anticipated by markets. The initial market reaction to the rate hike was what would have been expected – stocks were up, investment grade credit ground tighter and interest rates rose. However, after the market digested the Federal Open Market Committee’s (“FOMC”) statement, the press conference and the FOMC projections, interest rates reversed course and started to decrease. Markets appear to be discounting the Fed’s growth forecast as well as the expectation that inflation will return to its 2% goal. Now that the market is agonizing over whether the Fed will or will not increase rates is over, focus now shifts to the pace and magnitude of future rate hikes as well as any known or unknown consequences from moving off the zero bound. Based on analysis of the Federal Reserve “dots” (the projected target level for the Federal Funds rate), FOMC members are forecasting four additional 25 basis point hikes in 2016, whereas the market is currently forecasting only two hikes at the most. Some market participants are even suggesting that the Fed is implementing one hike only. Five

central banks have raised interest rates since the financial crisis and all five have reversed course.

Canada and the U.S. are set on diverging paths for monetary policy. The Federal Reserve has tightened whereas the Bank of Canada is more likely to ease or at the very least keep the overnight rate at its current 0.50% level for a lengthy period of time. While we are very cautious on the Canadian economy and concerned about where growth and leadership will come from, there is some impetus for Canadian interest rates to rise moderately from their extremely low current levels. The relative strength of the U.S. economy, coupled with the beginning of the tightening cycle, will in turn lead to normalization or a rise in U.S. interest rates. Quantitative easing and zero interest rate policy have served to compress the long-term interest rate premium as the partial intention was to keep long-term rates low to facilitate the housing market through low mortgage rates. With the removal of the unconventional policy pressure on long-term rates, the term premium will likely decompress leading rates to normalize. There is concern that this increase could be tempered by a tightening of financial conditions or events that would cause the move towards lower risk assets to be re-initiated. While short-term bond yields in Canada will be anchored by the overnight rate and Bank of Canada policy, mid and long-term yields will likely follow the lead of U.S. interest rates. The flow of money must be followed, as pressured selling from central banks, sovereign wealth funds, and currency reserve managers resulting from the currency wars, could be a possible catalyst for yields to increase.

## 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 Beutel Goodman & Company Ltd to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc.

# Sun Life Beutel Goodman Canadian Bond Fund

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## 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.

## Series Description

The Fund offers the following series of units: A, E, EF, F, I and O. The date of creation for Series A, F, and I units was September 1, 2011, the date of creation for Series E and O units was April 1, 2014 and the date of creation for Series EF units was August 10, 2015.

Series A units are available to all investors.

Series E units are available to investors through the Private Client program and must be purchased through a Private Client account. Investors in Series E units are eligible for management fee reductions, if any, based on the value of Series E units held in their Private Client account. Any management fee reduction will be paid to investors as a fee distribution by the Fund, which will be reinvested in additional Series E units. As announced on December 15, 2015, in connection with changes to the Private Client Program, all Series E units will be re-designated as Series A units on February 5, 2016. Please refer to the Fund’s simplified prospectus for more details about the captioned change and for details about the Private Client Program.

Series EF units are available to investors through the Private Client program and only available to investors who have a Private Client fee-based account with their dealer and whose dealer has signed an agreement with the Manager. Series EF units must be purchased through a Private Client fee-based account. Instead of paying sales charges, investors buying Series EF units pay fees to their dealer for investment advice and other services. Investors in Series EF units are eligible for management fee reductions, if any, based on the value of Series EF units held in their Private Client fee-based account, which management fee reduction will be paid to the investors by reinvesting in additional Series EF units. The Manager does not pay any commissions to dealers in respect of Series EF units. As announced on December 15, 2015, in connection with changes to the Private Client Program, all Series EF units will be re-designated to Series F units on February 5, 2016. Please refer to the Fund’s simplified prospectus for more details about the captioned change and for details about the Private Client Program.

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, 2015.

# Sun Life Beutel Goodman Canadian Bond Fund

The Fund's Net Asset Value per Unit (\$) <sup>(1)(4)</sup>

## Sun Life Beutel Goodman Canadian Bond Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	10.00	9.70	10.15	10.21	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.30	0.31	0.30	0.34	0.13
Total expenses	(0.16)	(0.15)	(0.15)	(0.16)	(0.05)
Realized gains (losses) for the period	0.03	(0.08)	(0.11)	(0.03)	(0.01)
Unrealized gains (losses) for the period	(0.17)	0.39	(0.35)	(0.03)	0.17
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>–</b>	<b>0.47</b>	<b>(0.31)</b>	<b>0.12</b>	<b>0.24</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.15)	(0.15)	(0.15)	(0.19)	(0.06)
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.15)</b>	<b>(0.15)</b>	<b>(0.15)</b>	<b>(0.19)</b>	<b>(0.06)</b>
<b>Net asset value, end of period</b>	<b>9.87</b>	<b>10.00</b>	<b>9.70</b>	<b>10.15</b>	<b>10.21</b>

## Sun Life Beutel Goodman Canadian Bond Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.16	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.30	0.24
Total expenses	(0.15)	(0.12)
Realized gains (losses) for the period	0.02	–
Unrealized gains (losses) for the period	(0.08)	0.12
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.09</b>	<b>0.24</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.13)	(0.12)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.13)</b>	<b>(0.12)</b>
<b>Net asset value, end of period</b>	<b>10.05</b>	<b>10.16</b>

## Sun Life Beutel Goodman Canadian Bond Fund – Series EF

	2015 (\$)
Net asset value, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.11
Total expenses	(0.04)
Realized gains (losses) for the period	(0.02)
Unrealized gains (losses) for the period	(0.13)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.08)</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.07)
From dividends	–
From capital gains	–
Return of capital	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.07)</b>
<b>Net asset value, end of period</b>	<b>9.84</b>

## Sun Life Beutel Goodman Canadian Bond Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	10.02	9.74	10.19	10.21	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.30	0.31	0.31	0.35	0.13
Total expenses	(0.10)	(0.10)	(0.10)	(0.11)	(0.04)
Realized gains (losses) for the period	0.04	(0.04)	(0.12)	(0.03)	(0.01)
Unrealized gains (losses) for the period	(0.22)	0.28	(0.30)	(0.10)	0.16
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.02</b>	<b>0.45</b>	<b>(0.21)</b>	<b>0.11</b>	<b>0.24</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.20)	(0.21)	(0.21)	(0.22)	(0.07)
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.20)</b>	<b>(0.21)</b>	<b>(0.21)</b>	<b>(0.22)</b>	<b>(0.07)</b>
<b>Net asset value, end of period</b>	<b>9.90</b>	<b>10.02</b>	<b>9.74</b>	<b>10.19</b>	<b>10.21</b>

# Sun Life Beutel Goodman Canadian Bond Fund

## Sun Life Beutel Goodman Canadian Bond Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	10.02	9.73	10.19	10.22	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.30	0.31	0.31	0.33	0.13
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	0.03	(0.07)	(0.13)	(0.03)	(0.01)
Unrealized gains (losses) for the period	(0.11)	0.36	(0.31)	(0.06)	0.09
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.22</b>	<b>0.60</b>	<b>(0.13)</b>	<b>0.24</b>	<b>0.21</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.30)	(0.31)	(0.31)	(0.32)	(0.10)
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.30)</b>	<b>(0.31)</b>	<b>(0.31)</b>	<b>(0.32)</b>	<b>(0.10)</b>
<b>Net asset value, end of period</b>	<b>9.90</b>	<b>10.02</b>	<b>9.73</b>	<b>10.19</b>	<b>10.22</b>

## Sun Life Beutel Goodman Canadian Bond Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.18	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.30	0.24
Total expenses	(0.02)	(0.01)
Realized gains (losses) for the period	0.01	(0.02)
Unrealized gains (losses) for the period	0.01	0.18
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.30</b>	<b>0.39</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.29)	(0.21)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.29)</b>	<b>(0.21)</b>
<b>Net asset value, end of period</b>	<b>10.06</b>	<b>10.18</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.

<sup>(4)</sup> 2015, 2014 and 2013 figures are prepared in accordance with International Financial Reporting Standards ("IFRS"). Prior to 2013, comparatives are prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

## Ratios and Supplemental Data<sup>(6)</sup>

### Sun Life Beutel Goodman Canadian Bond Fund – Series A

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	2,949,950	3,292,822	4,624,784	8,159,708	759,991
Number of units outstanding <sup>(1)</sup>	298,764	329,367	476,829	803,924	74,433
Management expense ratio (%) <sup>(2)</sup>	1.56	1.56	1.55	1.58	1.57
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.56	1.68	1.55	1.58	2.19
Trading expense ratio (%) <sup>(3)</sup>	–	–	–	–	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83	100.31	50.83	82.33	58.78
Net asset value per unit (\$) <sup>(1)</sup>	9.87	10.00	9.70	10.15	10.21

### Sun Life Beutel Goodman Canadian Bond Fund – Series E

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	611,123	268,353
Number of units outstanding <sup>(1)</sup>	60,790	26,420
Management expense ratio (%) <sup>(2)</sup>	1.56	1.58
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.56	1.71
Trading expense ratio (%) <sup>(3)</sup>	–	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83	100.31
Net asset value per unit (\$) <sup>(1)</sup>	10.05	10.16

### Sun Life Beutel Goodman Canadian Bond Fund – Series EF

	2015
Total net asset value (\$) <sup>(1)</sup>	9,920
Number of units outstanding <sup>(1)</sup>	1,008
Management expense ratio (%) <sup>(2)</sup>	1.02
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.02
Trading expense ratio (%) <sup>(3)</sup>	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83
Net asset value per unit (\$) <sup>(1)</sup>	9.84

### Sun Life Beutel Goodman Canadian Bond Fund – Series F

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	69,310	152,128	51,785	83,219	22,288
Number of units outstanding <sup>(1)</sup>	7,000	15,175	5,318	8,170	2,183
Management expense ratio (%) <sup>(2)</sup>	1.02	1.01	1.01	1.04	1.06
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.02	1.10	1.01	1.04	1.60
Trading expense ratio (%) <sup>(3)</sup>	–	–	–	–	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83	100.31	50.83	82.33	58.78
Net asset value per unit (\$) <sup>(1)</sup>	9.90	10.02	9.74	10.19	10.21



# Sun Life Beutel Goodman Canadian Bond Fund

## Sun Life Beutel Goodman Canadian Bond Fund – Series I

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	745,043,013	892,272,655	714,640,037	607,697,109	58,615,271
Number of units outstanding <sup>(1)</sup>	75,264,216	89,018,572	73,452,673	59,645,897	5,734,273
Management expense ratio (%) <sup>(2)</sup>	0.03	0.02	0.03	0.04	0.05
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.03	0.02	0.03	0.04	0.60
Trading expense ratio (%) <sup>(3)</sup>	–	–	–	–	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83	100.31	50.83	82.33	58.78
Net asset value per unit (\$) <sup>(1)</sup>	9.90	10.02	9.73	10.19	10.22

## Sun Life Beutel Goodman Canadian Bond Fund – Series O

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	70,587	10,335
Number of units outstanding <sup>(1)</sup>	7,015	1,015
Management expense ratio (%) <sup>(2)</sup>	0.17	0.18
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.17	0.19
Trading expense ratio (%) <sup>(3)</sup>	–	–
Portfolio turnover rate (%) <sup>(4)(5)</sup>	118.83	100.31
Net asset value per unit (\$) <sup>(1)</sup>	10.06	10.18

<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. 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.

<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.

<sup>(5)</sup> Percentages are annualized.

<sup>(6)</sup> 2015, 2014 and 2013 figures are prepared in accordance with IFRS. Prior to 2013, comparatives are prepared in accordance with Canadian GAAP.

## 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	1.25	28	72
Series E Units	1.25	37	63
Series EF Units	0.75	–	100
Series F Units	0.75	–	100
Series I Units	–	–	–
Series O Units <sup>2</sup>	0.75	–	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.

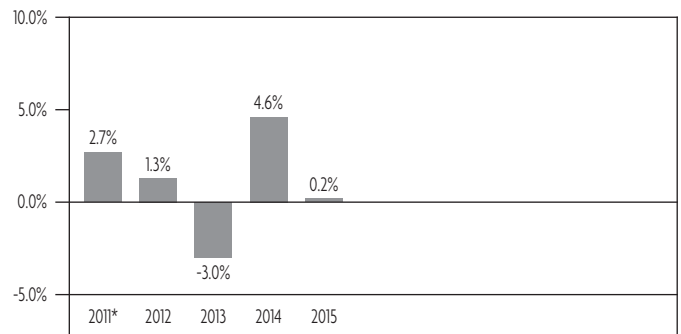
## PAST PERFORMANCE

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.

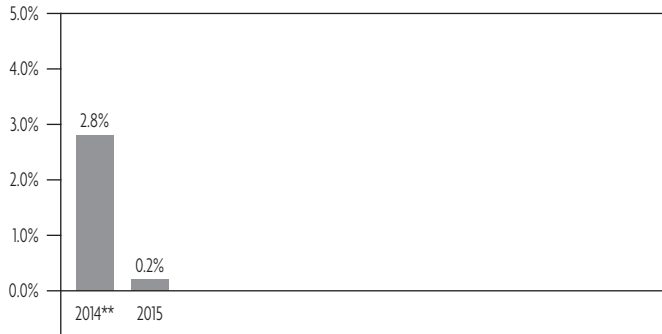
### Series A Units – Annual return for the periods ended December 31, 2015



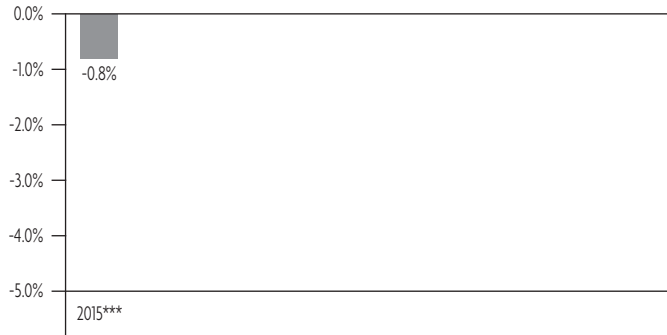


# Sun Life Beutel Goodman Canadian Bond Fund

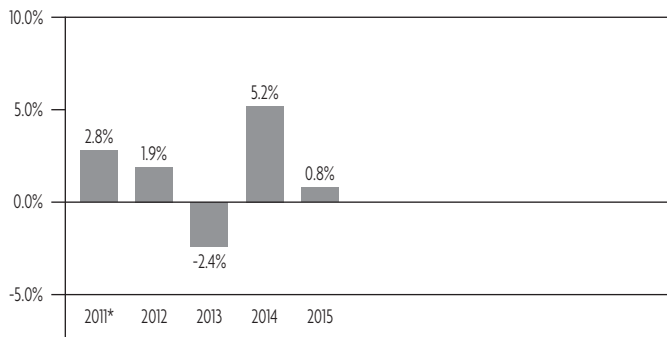
**Series E Units – Annual return for the periods ended December 31, 2015**



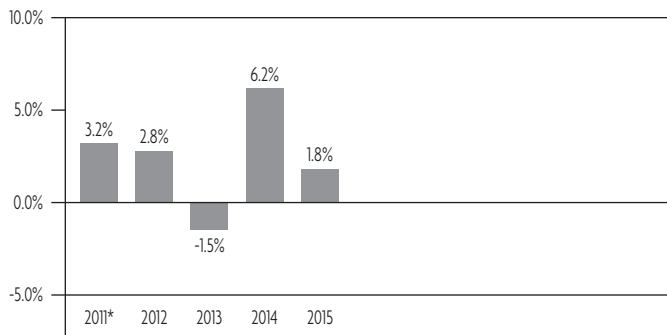
**Series EF Units – Annual return for the period ended December 31, 2015**



**Series F Units – Annual return for the periods ended December 31, 2015**



**Series I Units – Annual return for the periods ended December 31, 2015**



**Series O Units – Annual return for the periods ended December 31, 2015**



\* for the period September 1, 2011 to December 31, 2011

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

\*\*\* 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, E, F, I and O units of the Fund with the FTSE TMX Canada Universe Bond Index.

The FTSE TMX Canada Universe Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market.

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

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)</sup>
Sun Life Beutel Goodman Canadian Bond Fund – Series A	0.2%	0.6%	N/A	N/A	1.3%
Sun Life Beutel Goodman Canadian Bond Fund – Series F	0.8%	1.1%	N/A	N/A	1.9%
Sun Life Beutel Goodman Canadian Bond Fund – Series I	1.8%	2.1%	N/A	N/A	2.9%
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	N/A	N/A	4.3%
Sun Life Beutel Goodman Canadian Bond Fund – Series E	0.2%	N/A	N/A	N/A	1.7%
Sun Life Beutel Goodman Canadian Bond Fund – Series O	1.7%	N/A	N/A	N/A	3.2%
FTSE TMX Canada Universe Bond Index	3.5%	N/A	N/A	N/A	5.4%

<sup>(1)</sup> The performance start date for Series A, F and I units was September 1, 2011.

<sup>(2)</sup> The performance start date for Series E and O units was April 1, 2014.

<sup>(3)</sup> Performance for Series EF units is not shown as the Series has not been distributed under a simplified prospectus for 12 months.

# Sun Life Beutel Goodman Canadian Bond Fund

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

as at December 31, 2015

### Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Canada Housing Trust No. 1, 1.25%, Dec 15, 2020	5.8
2 Canada Housing Trust No. 1, 1.70%, Dec 15, 2017	4.9
3 Canada Housing Trust No. 1, 2.05%, Jun 15, 2018	4.8
4 Province of Ontario, 2.60%, Jun 02, 2025	4.5
5 Province of Ontario, 3.15%, Jun 02, 2022	3.0
6 Province of Ontario, 2.85%, Jun 02, 2023	2.8
7 Province of Ontario, 4.20%, Jun 02, 2020	2.6
8 Province of Ontario, 3.50%, Jun 02, 2024	2.6
9 Canada Housing Trust No. 1, 2.35%, Dec 15, 2018	2.1
10 Province of British Columbia, 2.85%, Jun 18, 2025	2.1
11 Canada Housing Trust No. 1, 2.05%, Jun 15, 2017	2.0
12 Canada Housing Trust No. 1, 1.75%, Jun 15, 2018	1.7
13 The Toronto-Dominion Bank, 2.62%, Dec 22, 2021	1.6
14 Canada Housing Trust No. 1, 4.10%, Dec 15, 2018	1.4
15 Canadian Imperial Bank of Commerce, 1.85%, Jul 14, 2020	1.3
16 The Bank of Nova Scotia, 2.09%, Sep 09, 2020	1.2
17 Canada Housing Trust No. 1, 1.95%, Jun 15, 2019	1.2
18 Canada Housing Trust No. 1, 2.55%, Mar 15, 2025	1.1
19 Royal Bank of Canada, 1.92%, Jul 17, 2020	1.1
20 Bank of Montreal, 3.40%, Apr 23, 2021	1.1
21 Canada Housing Trust No. 1, 1.20%, Jun 15, 2020	1.1
22 Royal Bank of Canada, 2.77%, Dec 11, 2018	1.0
23 Province of British Columbia, 3.25%, Dec 18, 2021	1.0
24 Canada Housing Trust No. 1, 1.45%, Jun 15, 2020	1.0
25 TransCanada PipeLines Ltd., 8.29%, Feb 05, 2026	1.0
	<b>54.0</b>
<b>Total Net Asset Value (000's)</b>	<b>\$ 748,754</b>

### Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Canadian Corporate Bond	40.4
Canadian Federal Government Bond	31.1
Canadian Provincial Government Bond	26.9
Cash and Cash Equivalents <sup>(2)</sup>	1.6
	<b>100.0</b>

<sup>(1)</sup> All information is as at December 31, 2015. 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 Beutel Goodman Canadian Bond 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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