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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 BlackRock Canadian Equity Fund



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



# Sun Life BlackRock Canadian 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](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 Sun Life BlackRock Canadian Equity Fund (the "Fund") is to seek capital appreciation by investing primarily in Canadian equity securities directly or indirectly through mutual funds and exchange-traded funds that invest in such securities.

The Fund's sub-advisor is BlackRock Asset Management Canada Limited (the "sub-advisor"). The sub-advisor typically invests between 55% and 80% of the Fund's assets in securities that have exposure to Canadian equities and between 20% and 45% of the Fund's assets in securities that have that have exposure to foreign equities. A strategic asset allocation strategy is used to determine the balance between the portion of the Fund's portfolio exposed to Canadian equities and the portion exposed to foreign equities.

### 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 \$174.0 million to \$154.5 million. The decrease in net asset value was due to negative performance, as well as net redemptions in the period.

During the period, the Fund returned -3.5% for Series A units. This result surpassed the Fund's benchmark, the S&P/TSX Capped Composite Index, which returned -8.3%. 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.

Canadian markets continued to lose ground with the S&P/TSX Capped Composite Index losing another 1.4% in the

fourth quarter, leaving the index down 8.3% for 2015. Small market capitalization names fared better, albeit modestly, losing 41 basis points in the quarter; however, the S&P TSX Completion Index was down 10.0% for the year. The challenges facing Valeant Pharmaceuticals International, Inc. continued in the fourth quarter and once again Health Care ended up being the worst performing sector in the composite, with Consumer Discretionary as the second worst overall. Financials improved and was the top spot being up 53 basis points during the quarter.

### Recent Developments

As widely anticipated, the U.S. Federal Reserve raised its target rate for federal funds by 25 basis points in December for the first time in nine years. The rate hike signaled a relatively strong domestic economy which was confirmed by generally positive economic data during the period. However, U.S. equities are still struggling with the appreciation of the U.S. dollar, collapsing oil prices and tightening financial market conditions.

Global equities rebounded in the fourth quarter and posted solid returns for 2015 despite high level of volatility throughout the year. U.S. markets outperformed both international and emerging markets in the fourth quarter.

U.S. equities rallied over the quarter and ended the year positive, following the small market correction in the previous quarter. In Canadian dollars, the S&P 500 was up 10.9% for the quarter and 21.6% for the year. The gains were led by a recovery in the large market capitalization names which were sold off heavily during the third quarter. Another significant contributor was the 16.0% depreciation of the Canadian dollar vs. the U.S. dollar in 2015 which gave an extra boost to returns.

Eurozone equities delivered positive returns in the quarter, despite poor performance in December as the market expressed disappointment over the magnitude of European Central Bank's (ECB) announcement on further monetary easing. Emerging markets were hit by slow economic growth, depreciating currencies and large weightings to commodity sectors that struggled in 2015. Chinese equities and the yuan remain under pressure, as China's economy continues to adjust to a lower growth rate.

# Sun Life BlackRock Canadian Equity Fund

Listed infrastructure stocks performed well during the quarter with the Dow Jones Brookfield Global Infrastructure Index up 7.3% during the quarter.

## 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 BlackRock Asset Management Canada Limited to act as a sub-advisor for the Fund.

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

During the year, the Manager relied on the approval of the Fund’s Independent Review Committee (the “IRC”) to enable the Fund to purchase equity securities and non-exchange traded debt securities of Sun Life Financial Inc. (“SLF”), the ultimate parent of the Manager. In accordance with the IRC’s approval, before the Fund purchases debt securities of SLF, the Manager is required to ensure that the investment decision (i) is made free from any influence of SLF and does not take into account any consideration relevant to SLF; (ii) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (iii) is in compliance with the Manager’s written policies and procedures relating to the transaction; and (iv) achieves a fair and reasonable result for the Fund.

## 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, T5, T8, E, F, I and O. The date of creation for Series A, F, and I units was April 15, 2011, the date of creation for Series T5 and T8 units was September 1, 2011 and the date of creation for Series E and O units was April 1, 2014.

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 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 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.

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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.

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

#### Sun Life BlackRock Canadian Equity Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	11.63	10.72	9.45	8.94	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.24	0.28	0.28	0.21	0.25
Total expenses	(0.22)	(0.31)	(0.23)	(0.18)	(0.11)
Realized gains (losses) for the period	0.38	0.43	0.34	0.08	(0.13)
Unrealized gains (losses) for the period	(0.83)	0.66	1.14	0.51	(0.53)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.43)</b>	<b>1.06</b>	<b>1.53</b>	<b>0.62</b>	<b>(0.52)</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	(0.01)	(0.03)	(0.05)	(0.02)
From dividends	(0.01)	(0.05)	(0.21)	(0.12)	(0.08)
From capital gains	(0.16)	(0.13)	(0.05)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.17)</b>	<b>(0.19)</b>	<b>(0.29)</b>	<b>(0.17)</b>	<b>(0.10)</b>
<b>Net asset value, end of period</b>	<b>11.05</b>	<b>11.63</b>	<b>10.72</b>	<b>9.45</b>	<b>8.94</b>

#### Sun Life BlackRock Canadian Equity Fund – Series T5

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	16.71	15.89	14.32	14.16	15.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.41	0.66	0.34	0.18
Total expenses	(0.32)	(0.45)	(0.35)	(0.28)	(0.08)
Realized gains (losses) for the period	0.55	0.63	0.49	0.14	(0.12)
Unrealized gains (losses) for the period	(1.08)	0.87	1.47	0.90	(0.47)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.48)</b>	<b>1.46</b>	<b>2.27</b>	<b>1.10</b>	<b>(0.49)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.04)	(0.09)	(0.66)	(0.72)	(0.15)
From dividends	–	–	–	(0.18)	(0.12)
From capital gains	(0.22)	(0.07)	(0.07)	–	(0.06)
Return of capital	(0.73)	(0.63)	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.99)</b>	<b>(0.79)</b>	<b>(0.73)</b>	<b>(0.90)</b>	<b>(0.33)</b>
<b>Net asset value, end of period</b>	<b>15.16</b>	<b>16.71</b>	<b>15.89</b>	<b>14.32</b>	<b>14.16</b>

#### Sun Life BlackRock Canadian Equity Fund – Series T8

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	15.19	14.88	13.82	14.06	15.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.30	0.34	0.46	0.30
Total expenses	(0.29)	(0.42)	(0.34)	(0.27)	(0.08)
Realized gains (losses) for the period	0.49	0.53	0.48	0.10	(0.10)
Unrealized gains (losses) for the period	(1.04)	1.36	1.58	0.35	(0.71)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.50)</b>	<b>1.77</b>	<b>2.06</b>	<b>0.64</b>	<b>(0.59)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.05)	–	(0.26)	(1.10)	(0.23)
From dividends	–	–	(0.02)	(0.17)	(0.12)
From capital gains	(0.20)	(0.10)	(0.07)	–	(0.10)
Return of capital	(1.06)	(1.09)	(0.76)	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.31)</b>	<b>(1.19)</b>	<b>(1.11)</b>	<b>(1.27)</b>	<b>(0.45)</b>
<b>Net asset value, end of period</b>	<b>13.39</b>	<b>15.19</b>	<b>14.88</b>	<b>13.82</b>	<b>14.06</b>

# Sun Life BlackRock Canadian Equity Fund

## Sun Life BlackRock Canadian Equity Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.26	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.62	0.57
Total expenses	(0.19)	(0.20)
Realized gains (losses) for the period	0.37	0.67
Unrealized gains (losses) for the period	(1.36)	(0.44)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.56)</b>	<b>0.60</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.03)	(0.04)
From dividends	(0.15)	(0.13)
From capital gains	(0.14)	(0.11)
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.32)</b>	<b>(0.28)</b>
<b>Net asset value, end of period</b>	<b>9.58</b>	<b>10.26</b>

## Sun Life BlackRock Canadian Equity Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	11.99	11.03	9.62	9.00	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.11	0.25	0.09	0.36	0.22
Total expenses	(0.10)	(0.13)	(0.10)	(0.07)	(0.04)
Realized gains (losses) for the period	0.38	0.41	0.37	0.07	(0.12)
Unrealized gains (losses) for the period	(0.36)	0.80	0.95	0.64	(0.47)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.03</b>	<b>1.33</b>	<b>1.31</b>	<b>1.00</b>	<b>(0.41)</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	(0.04)	(0.03)	(0.05)	(0.02)
From dividends	–	(0.13)	(0.22)	(0.12)	(0.08)
From capital gains	(0.17)	(0.13)	(0.05)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.17)</b>	<b>(0.30)</b>	<b>(0.31)</b>	<b>(0.17)</b>	<b>(0.10)</b>
<b>Net asset value, end of period</b>	<b>11.53</b>	<b>11.99</b>	<b>11.03</b>	<b>9.62</b>	<b>9.00</b>

## Sun Life BlackRock Canadian Equity Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	12.18	11.20	9.72	9.04	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.28	0.27	0.29	0.31	0.14
Total expenses	(0.01)	(0.01)	(0.01)	–	–
Realized gains (losses) for the period	0.41	0.43	0.34	0.10	(0.08)
Unrealized gains (losses) for the period	(0.86)	0.70	1.17	1.01	(0.87)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.18)</b>	<b>1.39</b>	<b>1.79</b>	<b>1.42</b>	<b>(0.81)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.04)	(0.06)	(0.04)	(0.05)	(0.02)
From dividends	(0.23)	(0.20)	(0.23)	(0.12)	(0.08)
From capital gains	(0.17)	(0.14)	(0.05)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.44)</b>	<b>(0.40)</b>	<b>(0.32)</b>	<b>(0.17)</b>	<b>(0.10)</b>
<b>Net asset value, end of period</b>	<b>11.52</b>	<b>12.18</b>	<b>11.20</b>	<b>9.72</b>	<b>9.04</b>

## Sun Life BlackRock Canadian Equity Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.33	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.75	0.36
Total expenses	(0.02)	(0.01)
Realized gains (losses) for the period	0.42	0.46
Unrealized gains (losses) for the period	(1.91)	(0.24)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.76)</b>	<b>0.57</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.03)	(0.05)
From dividends	(0.20)	(0.17)
From capital gains	(0.15)	(0.12)
Return of capital	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.38)</b>	<b>(0.34)</b>
<b>Net asset value, end of period</b>	<b>9.76</b>	<b>10.33</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual financial.

<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").

# Sun Life BlackRock Canadian Equity Fund

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

### Sun Life BlackRock Canadian Equity Fund – Series A

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	8,471,888	9,846,811	7,539,716	5,695,716	2,830,665
Number of units outstanding <sup>(1)</sup>	766,846	846,466	703,505	602,632	316,559
Management expense ratio after absorption (%) <sup>(2)</sup>	1.98	1.99	2.00	1.89	1.79
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.98	2.67	2.54	1.96	7.44
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.02	0.10	0.03
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89	12.46	19.20	5.27
Net asset value per unit (\$) <sup>(1)</sup>	11.05	11.63	10.72	9.45	8.94

### Sun Life BlackRock Canadian Equity Fund – Series T5

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	106,019	123,442	96,206	26,337	9,676
Number of units outstanding <sup>(1)</sup>	6,992	7,386	6,053	1,839	683
Management expense ratio after absorption (%) <sup>(2)</sup>	2.03	2.02	2.03	1.90	1.71
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.03	2.72	2.59	1.99	7.11
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.02	0.10	0.03
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89	12.46	19.20	11.28
Net asset value per unit (\$) <sup>(1)</sup>	15.16	16.71	15.89	14.32	14.18

### Sun Life BlackRock Canadian Equity Fund – Series T8

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	66,543	68,550	117,257	41,778	24,270
Number of units outstanding <sup>(1)</sup>	4,969	4,513	7,879	3,024	1,726
Management expense ratio after absorption (%) <sup>(2)</sup>	2.03	2.02	2.04	1.91	1.69
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.03	2.72	2.59	2.02	10.90
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.02	0.10	0.03
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89	12.46	19.20	11.28
Net asset value per unit (\$) <sup>(1)</sup>	13.39	15.19	14.88	13.82	14.06

### Sun Life BlackRock Canadian Equity Fund – Series E

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	910,489	169,013
Number of units outstanding <sup>(1)</sup>	95,074	16,477
Management expense ratio after absorption (%) <sup>(2)</sup>	1.94	1.94
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.94	2.60
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89
Net asset value per unit (\$) <sup>(1)</sup>	9.58	10.26

### Sun Life BlackRock Canadian Equity Fund – Series F

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	242,961	1,112,507	1,110,892	1,927,719	655,489
Number of units outstanding <sup>(1)</sup>	21,077	92,758	100,757	200,320	72,793
Management expense ratio after absorption (%) <sup>(2)</sup>	0.88	0.89	0.90	0.79	0.64
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.88	1.17	1.12	0.92	5.56
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.02	0.10	0.03
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89	12.46	19.20	5.27
Net asset value per unit (\$) <sup>(1)</sup>	11.53	11.99	11.03	9.62	9.00

### Sun Life BlackRock Canadian Equity Fund – Series I

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	143,164,612	162,627,753	158,681,299	152,965,410	1,994,738
Number of units outstanding <sup>(1)</sup>	12,429,719	13,350,271	14,161,719	15,739,773	220,637
Management expense ratio after absorption (%) <sup>(2)</sup>	0.18	0.19	0.20	0.18	0.09
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.18	0.20	0.21	0.28	2.66
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.02	0.10	0.03
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89	12.46	19.20	5.27
Net asset value per unit (\$) <sup>(1)</sup>	11.52	12.18	11.20	9.72	9.04

### Sun Life BlackRock Canadian Equity Fund – Series O

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	1,499,574	81,124
Number of units outstanding <sup>(1)</sup>	153,613	7,851
Management expense ratio after absorption (%) <sup>(2)</sup>	0.26	0.26
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.26	0.30
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01
Portfolio turnover rate (%) <sup>(4)(5)</sup>	3.33	4.89
Net asset value per unit (\$) <sup>(1)</sup>	9.76	10.33

<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) including the Fund's allocated percentage of Fund-on-Funds' expenses 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.

# Sun Life BlackRock Canadian Equity Fund

## 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	1.55	46	54
Series T5 Units	1.55	34	66
Series T8 Units	1.55	42	58
Series E Units	1.55	64	36
Series F Units	0.55	–	100
Series I Units	–	–	–
Series O Units <sup>2</sup>	0.55	–	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.

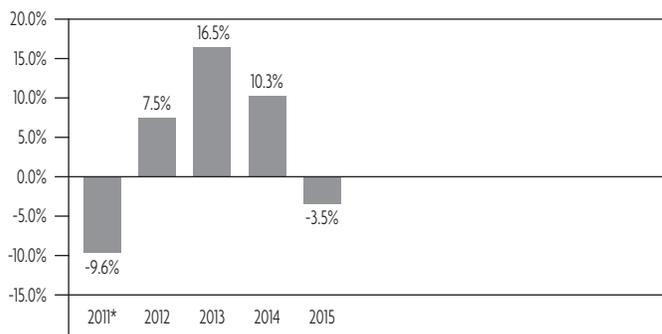
## PAST PERFORMANCE

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.

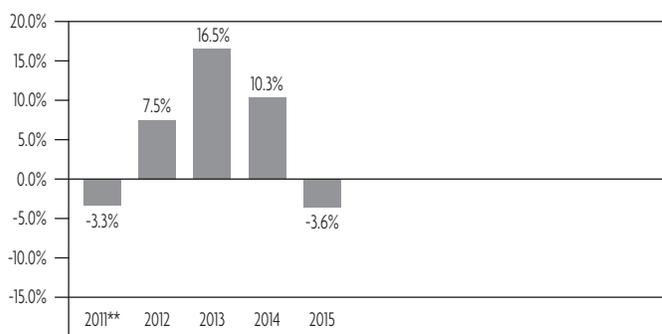
### Year-by-Year Returns

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.

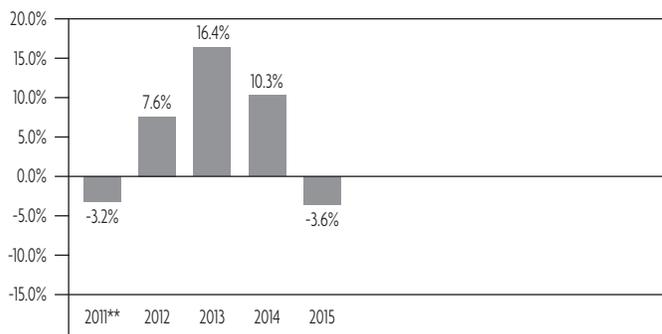
Series A Units – Annual return for the periods ended December 31, 2015



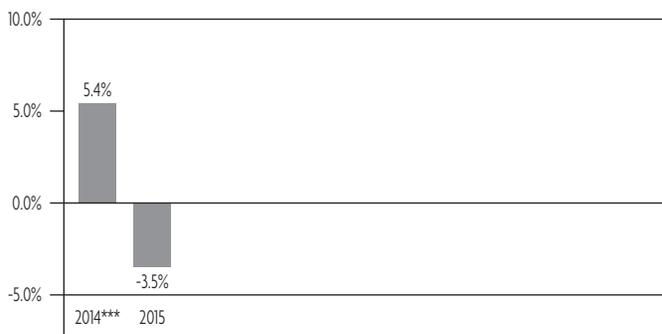
Series T5 Units – Annual return for the periods ended December 31, 2015



Series T8 Units – Annual return for the periods ended December 31, 2015

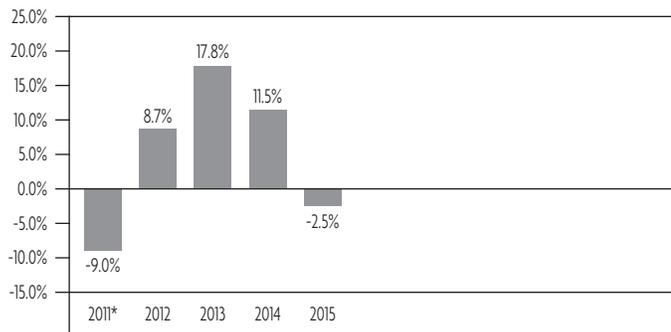


Series E Units – Annual return for the periods ended December 31, 2015

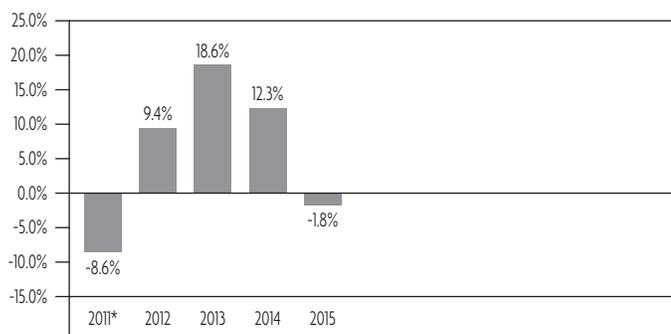


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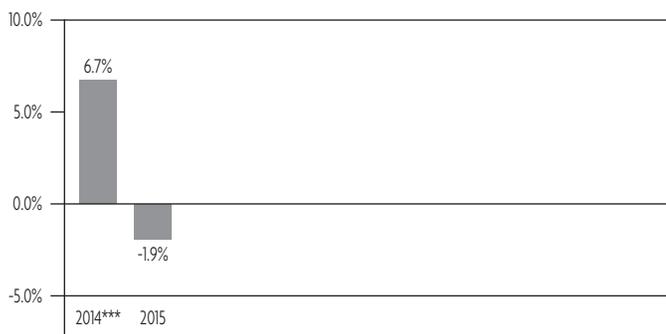
## Series F Units – Annual return for the periods ended December 31, 2015



## 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 of April 15, 2011 to December 31, 2011.

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

\*\*\* 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, T5, T8, E, F, I and O units of the Fund with the S&P/TSX Capped Composite Index.

The S&P/TSX Capped Composite Index covers approximately 95% of the Canadian equities market, and has been the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies since 1977.

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

	Performance				Start Date <sup>(1)(2)(3)</sup>
	1 Year	3 Year	5 Year	10 Year	
Sun Life BlackRock Canadian Equity Fund – Series A	(3.5%)	7.4%	N/A	N/A	4.0%
Sun Life BlackRock Canadian Equity Fund – Series F	(2.5%)	8.6%	N/A	N/A	5.2%
Sun Life BlackRock Canadian Equity Fund – Series I	(1.8%)	9.4%	N/A	N/A	5.9%
S&P/TSX Capped Composite Index	(8.3%)	4.6%	N/A	N/A	1.7%
Sun Life BlackRock Canadian Equity Fund – Series E	(3.5%)	N/A	N/A	N/A	1.0%
Sun Life BlackRock Canadian Equity Fund – Series O	(1.9%)	N/A	N/A	N/A	2.7%
S&P/TSX Capped Composite Index	(8.3%)	N/A	N/A	N/A	(2.6%)
Sun Life BlackRock Canadian Equity Fund – Series T5	(3.6%)	7.4%	N/A	N/A	6.0%
Sun Life BlackRock Canadian Equity Fund – Series T8	(3.6%)	7.4%	N/A	N/A	6.0%
S&P/TSX Capped Composite Index	(8.3%)	4.6%	N/A	N/A	3.5%

<sup>(1)</sup> The performance start date for Series A, F and I units was April 15, 2011.

<sup>(2)</sup> The performance start date for Series T5 and T8 units was September 1, 2011.

<sup>(3)</sup> The performance start date for Series E and O units was April 1, 2014.

## 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 Sun Life BlackRock Canadian Composite Equity Fund, Series I <sup>(2)</sup>	69.7
2 iShares Global Tech ETF <sup>(2)</sup>	8.7
3 iShares Global Healthcare ETF <sup>(2)</sup>	7.2
4 iShares Global Consumer Staples ETF <sup>(2)</sup>	5.0
5 iShares S&P Global Consumer Discretionary Index ETF <sup>(2)</sup>	4.9
6 iShares S&P Global Industrials Index ETF <sup>(2)</sup>	3.4
7 iShares Global Utilities ETF <sup>(2)</sup>	1.0
8 Cash and Cash Equivalents <sup>(3)</sup>	0.1
	<b>100.0</b>
<b>Total Net Asset Value (000's)</b>	<b>\$ 154,462</b>

# Sun Life BlackRock Canadian Equity Fund

## Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	26.9
Energy	12.2
Information Technology	10.8
Health Care	9.3
Consumer Discretionary	9.2
Industrials	8.9
Consumer Staples	8.1
Materials	6.8
Telecommunication Services	3.7
Utilities	2.7
Cash and Cash Equivalents <sup>(3)</sup>	1.4
	<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> The Fund invests in other investment funds. The prospectus of the underlying investment funds and other information can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>(3)</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 BlackRock Canadian 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](http://www.sunlifeglobalinvestments.com) or [www.sedar.com](http://www.sedar.com).

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