
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2015

Sun Life MFS Canadian Bond Fund



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



Sun Life MFS 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 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 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

Investment Objective and Strategies

The fundamental investment objective of Sun Life MFS Canadian Bond Fund (the "Fund") is to provide investors with high investment returns primarily through income, with reasonable safety of capital.

The Fund's sub-advisor is MFS Investment Management Canada Limited ("MFSIM") and the sub-advisor to MFSIM is MFS Institutional Advisors, Inc. ("MFI"). In pursuing the Fund's investment objective, the sub-advisor normally invests at least 85% of the Fund's assets in debt instruments. A combination of bottom-up credit research and top-down macro analysis is used in constructing a diversified portfolio. The Fund is actively managed to add value through a variety of strategies including interest rate anticipation, yield curve positioning, dynamic trading and sector and currency management. The sub-advisor conducts monetary and fiscal policy analysis, macroeconomic analysis, inflationary outlook, valuation modeling, financial statement analysis, market and pricing analysis.

The Fund invests mainly in debt instruments rated investment grade but may also invest in non-investment grade debt instruments. The sub-advisor may also invest up to 30% of the Fund's assets in foreign debt instruments.

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 increased from \$71.1 million to \$95.5 million. The increase in net asset value was due to positive net sales, as well as positive performance in the period.

During the period, the Fund returned 1.0% 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 expenses structures. Please refer to 'Past Performance' section of this report for performance of each series.

The Fund's exposure to securities priced off the U.S. Treasury curve weakened relative results given that the Canadian government yield curve fell whereas U.S. Treasury yields rose during the period.

A shorter duration posture relative to the benchmark also detracted during a period when government bond yields edged meaningfully lower.

The Fund's meaningful overweight to corporate bonds, and BBB-rated credits in particular, at the expense of federal government bonds negatively contributed to Fund's return given corporate credit spread widening during the period.

The Fund's overweight position in bonds with remaining term-to-maturity between five and ten years had a favourable effect on relative performance given yield curve movements during the period.

The Fund's modest unhedged U.S. dollar exposure also added value given the Canadian dollar's depreciation relative to the greenback.

Recent Developments

The Canadian bond market returned 3.5% during a year in which government bond yields fell, corporate bonds lagged Government of Canada bonds, and lower-quality bonds underperformed. The main drivers of this risk-off backdrop were the slowdown in global growth, decline in energy and industrial commodities, and volatility ahead of the U.S. Federal Reserve's (the "Fed") first rate hike since 2006.

As the global economic cycle matures, it becomes more and more apparent that the current expansion is unlike anything seen in decades. For one, the scars of the global financial crisis have yet to fully disappear as the debt and deflationary pressures remain and continue to limit economic growth. Moreover, the global economy continues to require extraordinary policy stimulus in the form of low interest rates, FX intervention, or fiscal measures. Even in the U.S. where the Fed has raised rates, the path of hikes will likely be

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far more gradual than in past cycles. The Canadian economy continues to feel the impact of these global macro trends as the sharp fall in commodity prices has eroded exports. Growth has slowed and debt ratios are well-above trend. Fiscal stimulus from the new government is expected to offer some support but is not likely to be a game changer. With interest rates already low and diverging from the U.S., the Canadian dollar has declined sharply.

Despite these challenges, it is believed that a global recession will be averted. Within the Fund, credit risk is favoured relative to interest rate risk. Given the view that a global recession is not impending, the corporate bond sector is approaching an inflection point, and the Fund remains overweight. Although there is a reduction in the degree of unhedged U.S. dollar exposure in the Fund given Canadian dollar depreciation over the period, the Fund has increased and further diversified the allocation to non-Canadian bonds. In particular, investments have been made in attractively-valued credits in the Industrials sector, and in industries not available in the Canadian bond market such as Technology and Health Care. The Fund also increased its exposure to credits that should benefit from lower commodity prices and a strong U.S. dollar on the U.S. consumer. Finally, the Fund has taken on long-term positions in select high yield issues, primarily BB-rated securities that can consistently generate free cash flow, and whose fundamentals are not reflected in their valuations.

Over time, the Fund's exposures are expected to provide greater alpha-generating opportunities and significant diversification benefits relative to the domestic Canadian bond market. There is increased selectivity as the cycle has matured given the macro challenges, but continual belief that corporate bonds offer a margin of safety given the focus on issuers with strong cross-cycle fundamentals.

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 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 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, D, E, FX, F, I and O. The date of creation for Series A units was March 31, 2009, the date of creation for Series D units was July 15, 1988, the date of creation for Series FX units was February 13, 2008, the date of creation for Series I units was November 28, 2008, the date of creation for Series F units was March 30, 2012 and the date of creation for Series E and O units was April 1, 2014.

Series A units are available to all investors.

Series D units are only available for purchase by existing investors who held Class D units of the Fund on March 30, 2012. Investors may switch their Series D units of one fund into Series D units of another Sun Life Global Investments Mutual Fund, but may not switch units of another series into

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Series D units. Once a Series D investor no longer owns any Series D units, the investor may not purchase additional Series D units. In addition, Series D units may be switched into any other series (if available), if the investor meets the applicable requirements for those series.

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 FX units are not generally available to investors. They were created to grandfather certain characteristics of a previously-existing class/series units of the Fund (Class F).

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.

The Fund's Net Asset Value per Unit (\$) ⁽¹⁾⁽⁴⁾ Sun Life MFS Canadian Bond Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	14.41	13.57	14.31	14.14	13.53
Increase (decrease) from operations:					
Total revenue	0.50	0.52	0.56	0.55	0.54
Total expenses	(0.23)	(0.22)	(0.22)	(0.22)	(0.15)
Realized gains (losses) for the period	0.36	0.13	0.45	0.30	0.24
Unrealized gains (losses) for the period	(0.56)	0.69	(1.05)	(0.06)	0.37
Total increase (decrease) from operations ⁽²⁾	0.07	1.12	(0.26)	0.57	1.00
Distributions:					
From income (excluding dividends)	(0.27)	(0.30)	(0.35)	(0.30)	(0.40)
From dividends	—	—	—	—	—
From capital gains	(0.25)	—	(0.16)	—	—
Return of capital	—	—	—	—	—
Total annual distributions ⁽³⁾	(0.52)	(0.30)	(0.51)	(0.30)	(0.40)
Net asset value, end of period	14.05	14.41	13.57	14.29	14.14

Sun Life MFS Canadian Bond Fund – Series D

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	14.48	13.63	14.37	14.19	13.58
Increase (decrease) from operations:					
Total revenue	0.50	0.52	0.56	0.54	0.55
Total expenses	(0.13)	(0.13)	(0.13)	(0.12)	(0.10)
Realized gains (losses) for the period	0.32	0.15	0.48	0.27	0.23
Unrealized gains (losses) for the period	(0.42)	0.73	(1.06)	(0.11)	0.38
Total increase (decrease) from operations ⁽²⁾	0.27	1.27	(0.15)	0.58	1.06
Distributions:					
From income (excluding dividends)	(0.36)	(0.39)	(0.44)	(0.36)	(0.46)
From dividends	—	—	—	—	—
From capital gains	(0.25)	—	(0.16)	—	—
Return of capital	—	—	—	—	—
Total annual distributions ⁽³⁾	(0.61)	(0.39)	(0.60)	(0.36)	(0.46)
Net asset value, end of period	14.12	14.48	13.63	14.35	14.19

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Sun Life MFS Canadian Bond Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.33	10.00
Increase (decrease) from operations:		
Total revenue	0.36	0.27
Total expenses	(0.16)	(0.12)
Realized gains (losses) for the period	0.23	0.07
Unrealized gains (losses) for the period	(0.50)	0.34
Total increase (decrease) from operations⁽²⁾	(0.07)	0.56
Distributions:		
From income (excluding dividends)	(0.20)	(0.17)
From dividends	–	–
From capital gains	(0.17)	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.37)	(0.17)
Net asset value, end of period	10.07	10.33

Sun Life MFS Canadian Bond Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net asset value, beginning of period	10.66	10.03	10.58	10.39
Increase (decrease) from operations:				
Total revenue	0.36	0.38	0.41	0.31
Total expenses	(0.11)	(0.11)	(0.10)	(0.08)
Realized gains (losses) for the period	0.32	0.12	0.33	0.19
Unrealized gains (losses) for the period	(0.40)	0.49	(0.75)	(0.23)
Total increase (decrease) from operations⁽²⁾	0.17	0.88	(0.11)	0.19
Distributions:				
From income (excluding dividends)	(0.25)	(0.28)	(0.31)	(0.17)
From dividends	–	–	–	–
From capital gains	(0.18)	–	(0.12)	–
Return of capital	–	–	–	–
Total annual distributions⁽³⁾	(0.43)	(0.28)	(0.43)	(0.17)
Net asset value, end of period	10.39	10.66	10.03	10.56

Sun Life MFS Canadian Bond Fund – Series FX

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	14.54	13.68	14.43	14.26	13.65
Increase (decrease) from operations:					
Total revenue	0.50	0.53	0.56	0.55	0.55
Total expenses	(0.12)	(0.11)	(0.11)	(0.11)	(0.08)
Realized gains (losses) for the period	0.29	0.14	0.45	0.27	0.24
Unrealized gains (losses) for the period	(0.20)	0.80	(1.02)	(0.09)	0.36
Total increase (decrease) from operations⁽²⁾	0.47	1.36	(0.12)	0.62	1.07
Distributions:					
From income (excluding dividends)	(0.38)	(0.41)	(0.47)	(0.39)	(0.47)
From dividends	–	–	–	–	–
From capital gains	(0.25)	–	(0.17)	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.63)	(0.41)	(0.64)	(0.39)	(0.47)
Net asset value, end of period	14.18	14.54	13.68	14.41	14.26

Sun Life MFS Canadian Bond Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	13.92	13.10	13.82	13.67	13.08
Increase (decrease) from operations:					
Total revenue	0.48	0.50	0.54	0.52	0.53
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	–
Realized gains (losses) for the period	0.26	0.12	0.46	0.27	0.22
Unrealized gains (losses) for the period	(0.51)	0.73	(1.00)	0.07	0.37
Total increase (decrease) from operations⁽²⁾	0.22	1.34	(0.01)	0.85	1.12
Distributions:					
From income (excluding dividends)	(0.47)	(0.49)	(0.54)	(0.46)	(0.54)
From dividends	–	–	–	–	–
From capital gains	(0.24)	–	(0.16)	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.71)	(0.49)	(0.70)	(0.46)	(0.54)
Net asset value, end of period	13.57	13.92	13.10	13.80	13.67

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Sun Life MFS Canadian Bond Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.36	10.00
Increase (decrease) from operations:		
Total revenue	0.36	0.27
Total expenses	(0.02)	(0.01)
Realized gains (losses) for the period	0.27	(0.02)
Unrealized gains (losses) for the period	(0.41)	0.40
Total increase (decrease) from operations⁽²⁾	0.20	0.64
Distributions:		
From income (excluding dividends)	(0.33)	(0.25)
From dividends	—	—
From capital gains	(0.18)	—
Return of capital	—	—
Total annual distributions⁽³⁾	(0.51)	(0.25)
Net asset value, end of period	10.10	10.36

⁽¹⁾ This information is derived from the Fund's audited annual financial statements.

⁽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.

⁽⁴⁾ 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⁽⁶⁾

Sun Life MFS Canadian Bond Fund – Series A

	2015	2014	2013	2012	2011
Total net asset value (\$) ⁽¹⁾	15,610,320	12,243,607	8,343,225	9,948,913	1,857,607
Number of units outstanding ⁽¹⁾	1,111,231	849,393	615,043	695,208	131,246
Management expense ratio (%) ⁽²⁾	1.56	1.56	1.58	1.55	1.13
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.56	1.87	1.73	1.60	1.13
Trading expense ratio (%) ⁽³⁾	—	—	—	—	—
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22	36.39	49.19	57.00
Net asset value per unit (\$) ⁽¹⁾	14.05	14.41	13.57	14.31	14.15

Sun Life MFS Canadian Bond Fund – Series D

	2015	2014	2013	2012	2011
Total net asset value (\$) ⁽¹⁾	30,238,423	34,404,785	38,753,476	58,974,435	83,291,476
Number of units outstanding ⁽¹⁾	2,141,603	2,375,289	2,843,832	4,102,655	5,861,736
Management expense ratio (%) ⁽²⁾	0.89	0.90	0.92	0.87	0.72
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.89	1.07	1.01	0.90	0.72
Trading expense ratio (%) ⁽³⁾	—	—	—	—	—
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22	36.39	49.19	57.00
Net asset value per unit (\$) ⁽¹⁾	14.12	14.48	13.63	14.37	14.21

Sun Life MFS Canadian Bond Fund – Series E

	2015	2014
Total net asset value (\$) ⁽¹⁾	3,646,433	667,746
Number of units outstanding ⁽¹⁾	362,274	64,622
Management expense ratio (%) ⁽²⁾	1.52	1.51
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.52	1.81
Trading expense ratio (%) ⁽³⁾	—	—
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22
Net asset value per unit (\$) ⁽¹⁾	10.07	10.33

Sun Life MFS Canadian Bond Fund – Series F

	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	2,399,660	3,340,982	2,051,233	5,556,845
Number of units outstanding ⁽¹⁾	230,912	313,456	204,497	525,465
Management expense ratio (%) ⁽²⁾	1.02	1.01	1.03	1.07
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.02	1.21	1.13	1.10
Trading expense ratio (%) ⁽³⁾	—	—	—	—
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22	36.39	49.19
Net asset value per unit (\$) ⁽¹⁾	10.39	10.66	10.03	10.58

Sun Life MFS Canadian Bond Fund – Series FX

	2015	2014	2013	2012	2011
Total net asset value (\$) ⁽¹⁾	466,583	705,945	954,456	1,018,357	993,160
Number of units outstanding ⁽¹⁾	32,915	48,554	69,780	70,560	69,550
Management expense ratio (%) ⁽²⁾	0.79	0.78	0.79	0.75	0.59
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.79	0.93	0.87	0.78	0.59
Trading expense ratio (%) ⁽³⁾	—	—	—	—	—
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22	36.39	49.19	57.00
Net asset value per unit (\$) ⁽¹⁾	14.18	14.54	13.68	14.43	14.28

Sun Life MFS Canadian Bond Fund

Sun Life MFS Canadian Bond Fund – Series I

	2015	2014	2013	2012	2011
Total net asset value (\$) ⁽¹⁾	40,659,074	18,097,743	8,039,524	22,746,541	13,989,233
Number of units outstanding ⁽¹⁾	2,997,047	1,300,310	613,887	1,646,141	1,022,103
Management expense ratio (%) ⁽²⁾	0.06	0.06	0.08	0.06	–
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.07	0.09	0.06	–
Trading expense ratio (%) ⁽³⁾	–	–	–	–	–
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22	36.39	49.19	57.00
Net asset value per unit (\$) ⁽¹⁾	13.57	13.92	13.10	13.82	13.69

Sun Life MFS Canadian Bond Fund – Series O

	2015	2014
Total net asset value (\$) ⁽¹⁾	2,493,217	1,594,448
Number of units outstanding ⁽¹⁾	246,976	153,919
Management expense ratio (%) ⁽²⁾	0.17	0.17
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.17	0.20
Trading expense ratio (%) ⁽³⁾	–	–
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	88.71	62.22
Net asset value per unit (\$) ⁽¹⁾	10.10	10.36

⁽¹⁾ This information is provided as at December 31 of the period shown, as applicable.

⁽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. 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.

⁽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.

⁽⁶⁾ 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 (%) ¹	General Administration, Investment Advice and Profit (%)
Series A Units	1.25	33	67
Series D Units	0.65	11	89
Series E Units	1.25	38	62
Series F Units	0.75	–	100
Series I Units	–	–	–
Series O Units ²	0.75	–	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.

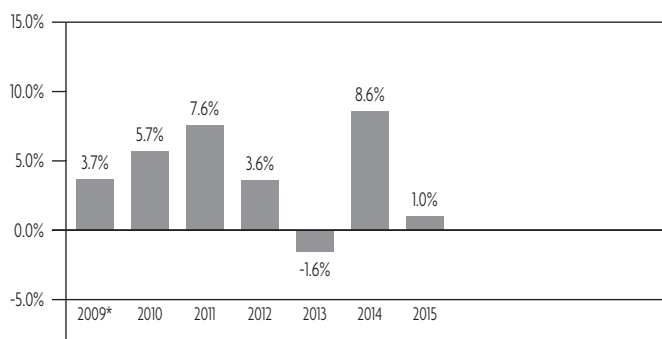
PAST PERFORMANCE

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

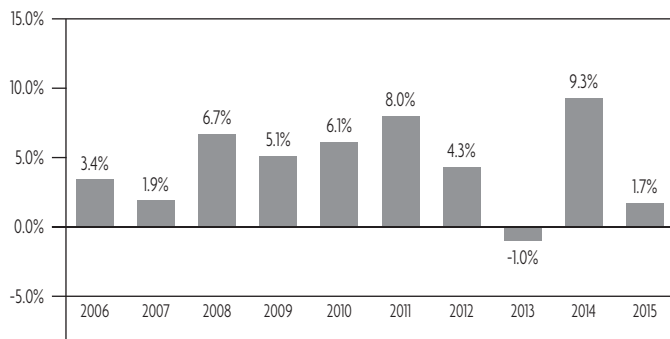
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

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

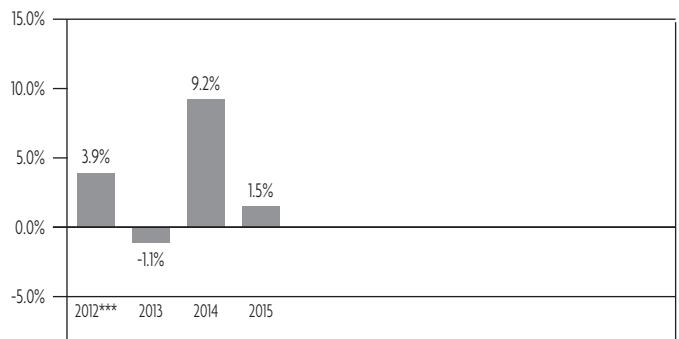


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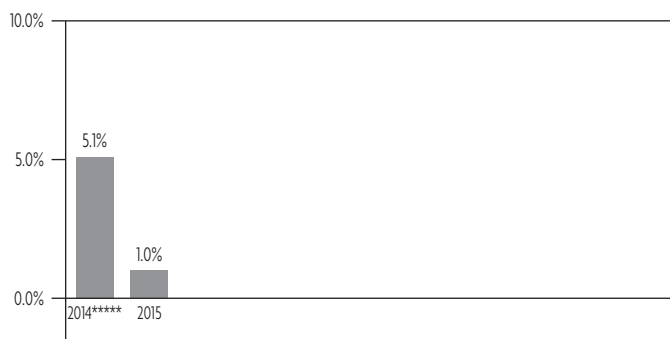
Series D Units – Annual return for the periods ended December 31, 2015



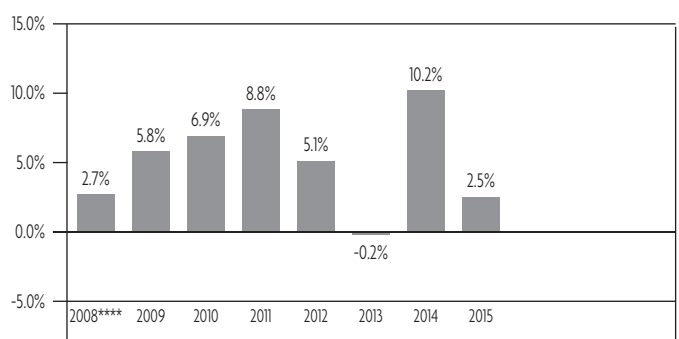
Series F Units – Annual return for the periods ended December 31, 2015



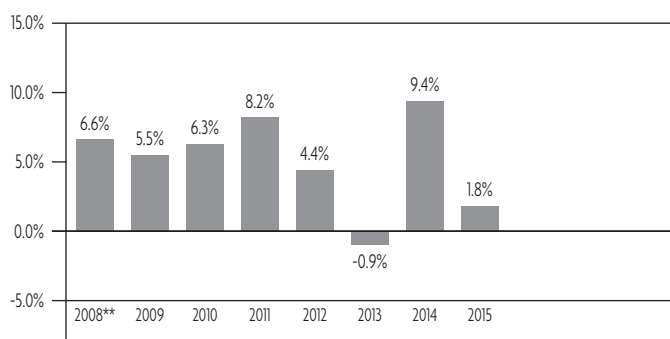
Series E Units – Annual return for the periods ended December 31, 2015



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



Series FX 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 March 31, 2009 to December 31, 2009

** for the period of February 13, 2008 to December 31, 2008

*** for the period of March 30, 2012 to December 31, 2012

**** for the period of November 28, 2008 to December 31, 2008

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

Sun Life MFS Canadian Bond Fund

Annual Compound Returns

The following table compares the historical annual compound total returns of Series A, D, E, F, FX, 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 five years, over the past three years, and over the past year.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾
Sun Life MFS Canadian Bond Fund – Series A	1.0%	2.5%	3.8%	N/A	4.2%
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	4.8%	N/A	5.1%
Sun Life MFS Canadian Bond Fund – Series E	1.0%	N/A	N/A	N/A	3.5%
Sun Life MFS Canadian Bond Fund – Series O	2.4%	N/A	N/A	N/A	4.8%
FTSE TMX Canada Universe Bond Index	3.5%	N/A	N/A	N/A	5.4%
Sun Life MFS Canadian Bond Fund – Series D	1.7%	3.2%	4.4%	4.5%	N/A
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	4.8%	5.0%	N/A
Sun Life MFS Canadian Bond Fund – Series F	1.5%	3.1%	N/A	N/A	3.5%
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	N/A	N/A	3.9%
Sun Life MFS Canadian Bond Fund – Series FX	1.8%	3.3%	4.5%	N/A	5.2%
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	4.8%	N/A	5.3%
Sun Life MFS Canadian Bond Fund – Series I	2.5%	4.1%	5.2%	N/A	5.9%
FTSE TMX Canada Universe Bond Index	3.5%	3.6%	4.8%	N/A	5.5%

⁽¹⁾ The performance start date for Series A units was April 1, 2009.

⁽²⁾ The performance start date for Series D units was December 31, 1988. The performance start date may be different from the series creation date as the Manager did not distribute securities to the public immediately after their creation. The performance start date reflects the date the Manager began accepting subscriptions and calculating a daily net asset value for the series.

⁽³⁾ The performance start date for Series F units was April 1, 2012.

⁽⁴⁾ The performance start date for Series FX units was February 13, 2008.

⁽⁵⁾ The performance start date for Series I units was December 1, 2008. The performance start date may be different from the series creation date as the Manager did not distribute securities to the public immediately after their creation. The performance start date reflects the date the Manager began accepting subscriptions and calculating a daily net asset value for the series.

⁽⁶⁾ The performance start date for Series E and O units was April 1, 2014.

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at December 31, 2015

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Canada Housing Trust No. 1, 2.05%, Jun 15, 2017	6.7
2 Province of Ontario, 4.00%, Jun 02, 2021	3.9
3 Province of Ontario, 4.70%, Jun 02, 2037	3.6
4 Canadian Treasury Bill, 0.49%, Mar 24, 2016	3.1
5 Province of Alberta, 4.00%, Dec 01, 2019	3.0
6 Province of Quebec, 4.50%, Dec 01, 2016	2.8
7 Royal Bank of Canada, 4.93%, Jul 16, 2025	2.6
8 Province of Quebec, 4.50%, Dec 01, 2019	2.5
9 The Toronto-Dominion Bank, 3.23%, Jul 24, 2024	2.5
10 Province of Ontario, 4.30%, Mar 08, 2017	2.5
11 Canada Housing Trust No. 1, 1.70%, Dec 15, 2017	2.4
12 Bank of Montreal, 4.61%, Sep 10, 2025	2.3
13 Province of Ontario, 4.20%, Mar 08, 2018	2.0
14 Province of British Columbia, 3.25%, Dec 18, 2021	1.9
15 Province of Alberta, 3.45%, Dec 01, 2043	1.8
16 Province of Manitoba, 4.10%, Mar 05, 2041	1.7
17 Province of Manitoba, 4.65%, Mar 05, 2040	1.5
18 Province of Quebec, 4.25%, Dec 01, 2021	1.5
19 Canadian Imperial Bank of Commerce, 1.85%, Jul 14, 2020	1.4
20 Canada Housing Trust No. 1, 1.95%, Jun 15, 2019	1.3
21 Province of Ontario, 3.45%, Jun 02, 2045	1.3
22 Bank of America Corp., 3.95%, Apr 21, 2025	1.2
23 Canadian Government Bond, 4.00%, Jun 01, 2041	1.0
24 Canadian Government Bond, 2.75%, Dec 01, 2064	1.0
25 Canadian Government Bond, 5.75%, Jun 01, 2033	0.9
	56.4
Total Net Asset Value (000's)	\$ 95,514

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Canadian Provincial Government Bond	30.6
Canadian Corporate Bond	26.7
U.S. Corporate Bond	21.5
Canadian Federal Government Bond	17.2
International Corporate Bond	4.1
Cash and Cash Equivalents ⁽²⁾	(0.1)
	100.0

Sun Life MFS Canadian Bond Fund

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Fixed Income	74.5
U.S. Fixed Income	21.5
International Fixed Income	4.1
Cash and Cash Equivalents ⁽²⁾	(0.1)
	100.0

⁽¹⁾ 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 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.

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 MFS 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 or www.sedar.com.

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