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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 MFS International Value Fund



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



# Sun Life MFS International Value 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 MFS International Value Fund (the "Fund") is to seek capital appreciation by investing primarily in equity securities of issuers outside of Canada and the U. S. that are considered to be undervalued compared to their perceived worth.

The Fund's sub-advisor is MFS Institutional Advisors, Inc. ("MFS"). MFS uses a bottom-up investment approach in selecting investments primarily based on fundamental analysis of issuers and their potential in light of their current financial condition and industry position, as well as market, economic, political and regulatory conditions. MFS also considers factors such as earnings, cash flows, competitive position and management ability of issuers. The Fund may also invest in emerging markets.

### 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 \$510.0 million to \$841.5 million. The increase in net asset value was due to strong positive net sales, as well as positive performance in the period.

During the period, the Fund returned 24.3% for Series A units. This result surpassed the Fund's benchmark, the MSCI EAFE C\$ Index, which returned 19.0%. 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.

Stock selection and an overweight position in the Consumer Staples sector contributed to performance relative to the benchmark as this sector was the strongest performer in the benchmark over the reporting period. Shares of household

and industrial products manufacturer Kao (Japan), household products manufacturer Reckitt Benckiser (United Kingdom), cosmetic product manufacturer Kose (Japan), and an overweight position in tobacco producer Japan Tobacco (Japan), aided relative performance.

Stock selection and an overweight position in the Information Technology sector was another area of relative strength. Shares of business system services company Nomura Research Institute and computer graphics processors maker NVIDIA were notable contributors to relative performance.

Elsewhere, the Fund's overweight position in telecommunications company KDDI (Japan) benefited relative returns. The Fund's underweight position in global energy and petrochemicals company Royal Dutch Shell (United Kingdom), and avoidance of shares of financial services firm Banco Santander (Spain) and mining giant BHP Billiton (Australia) United Kingdom), also bolstered relative results.

During the reporting period, the Fund's relative currency exposure, resulting primarily from differences between the Fund's and the benchmark's exposures to holdings of securities denominated in foreign currencies, contributed to relative performance. All of MFS' investment decisions are driven by the fundamentals of each individual opportunity and, as such, it is common for the Fund to have different currency exposure than the benchmark.

There were no sectors that detracted in a meaningful way from relative results. The timing of ownership in shares of telecommunications equipment provider Ericsson (Sweden), and the Fund's holdings of mailroom equipment distributor Neopost (France), dampened relative performance. Not owning shares of diversified financial services firm Mitsubishi UFJ Financial (Japan), tobacco product manufacturer Imperial Tobacco (United Kingdom), financial solutions provider Allianz (Germany), insurance giant AXA (France), telecommunications company Nippon Telegraph & Telephone (Japan), financial services firm Mizuho Financial Group (Japan) and mobile telecommunications provider NTT DoCoMo (Japan) also hurt relative results as all seven companies outperformed the benchmark during the reporting period.

The Fund's cash and/or cash equivalents position during the period was another detractor from relative performance.

# Sun Life MFS International Value Fund

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Under normal market conditions, the Fund strives to be fully invested and generally holds cash to buy new holdings and to provide liquidity. In a period when equity markets rose, as measured by the Fund's benchmark, holding cash hurt performance versus the benchmark, which has no cash position.

## Recent Developments

Sluggish global growth weighed on both developed and emerging market ("EM") economies during the year. EM economies have been particularly lackluster. While the U.S. Federal Reserve began raising interest rates at the end of the year, other large developed economies continued to keep interest rates low, particularly the European Central Bank and the Bank of Japan. Focus remained on China after policy missteps by the Chinese government shook up global markets over the summer, beginning with the uncoordinated response to the stock market's boom and bust and then the decision to devalue the renminbi in August. China subsequently ramped up a wide range of monetary and fiscal measures to stimulate the economy and boost sentiment. Its economy appeared to stabilize late in the period. Also at the end of the period, the Chinese renminbi was granted reserve currency status by the International Monetary Fund ("IMF"), which announced its inclusion in the IMF's Special Drawing Rights currency basket effective October 1, 2016.

During the second half of the year, the U.S. faced an earnings recession caused primarily by the sharp decline in the prices of oil and other commodities. Earnings contractions were concentrated primarily in the Energy, Materials and Industrial sectors. An additional challenge for earnings was the sharp rise in the U.S. dollar over the period. Exports were depressed by the dollar's strength and falling demand in emerging markets. Consumer spending held up well during the second half of year amid a modest increase in real wages and a boost from falling gasoline prices. Demand for autos reached near-record highs late in the period. In emerging markets, two key factors weighed on economies and asset prices: weaker Chinese growth, and the resulting decline in commodity prices, in addition to expectations for higher U.S. interest rates. Structural factors like floating exchange rates and fiscal buffers partially offset these cyclical headwinds.

## 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 Institutional Advisors, Inc. ("MFS"), 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 MFS.

## 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, EF, F, I and O. The date of creation for Series A, F, and I units was October 1, 2010, the date of creation for Series T5 and T8 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.

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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 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.

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

#### Sun Life MFS International Value Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	15.39	14.38	10.92	10.03	10.30
<b>Increase (decrease) from operations:</b>					
Total revenue	0.42	0.40	0.23	0.33	0.30
Total expenses	(0.74)	(0.80)	(0.71)	(1.21)	(0.35)
Realized gains (losses) for the period	1.11	0.55	0.52	0.06	(0.05)
Unrealized gains (losses) for the period	2.62	0.95	3.82	1.87	(0.08)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>3.41</b>	<b>1.10</b>	<b>3.86</b>	<b>1.05</b>	<b>(0.18)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.01)	–	(0.26)	(0.14)	(0.20)
From dividends	–	–	–	–	–
From capital gains	(0.48)	(0.21)	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.49)</b>	<b>(0.21)</b>	<b>(0.26)</b>	<b>(0.14)</b>	<b>(0.20)</b>
<b>Net asset value, end of period</b>	<b>18.64</b>	<b>15.39</b>	<b>14.38</b>	<b>10.91</b>	<b>10.03</b>

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## Sun Life MFS International Value Fund – Series T5

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	20.09	19.46	15.18	14.59	15.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.50	0.51	0.36	0.51	0.09
Total expenses	(0.96)	(1.08)	(0.97)	(1.74)	(0.17)
Realized gains (losses) for the period	1.35	0.73	0.59	0.10	(0.10)
Unrealized gains (losses) for the period	3.07	1.38	6.19	2.57	0.28
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.96</b>	<b>1.54</b>	<b>6.17</b>	<b>1.44</b>	<b>0.10</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.19)	(0.26)	(0.78)	(0.86)	(0.51)
From dividends	—	—	—	—	—
From capital gains	(0.60)	(0.08)	—	—	—
Return of capital	(0.73)	(0.63)	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.52)</b>	<b>(0.97)</b>	<b>(0.78)</b>	<b>(0.86)</b>	<b>(0.51)</b>
<b>Net asset value, end of period</b>	<b>23.36</b>	<b>20.09</b>	<b>19.46</b>	<b>15.16</b>	<b>14.59</b>

## Sun Life MFS International Value Fund – Series T8

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	18.33	18.31	14.65	14.48	15.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.56	0.32	0.49	0.09
Total expenses	(0.86)	(1.00)	(0.93)	(1.69)	(0.17)
Realized gains (losses) for the period	1.24	0.76	0.66	0.09	(0.10)
Unrealized gains (losses) for the period	2.73	1.09	4.66	2.50	0.28
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.54</b>	<b>1.41</b>	<b>4.71</b>	<b>1.39</b>	<b>0.10</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.28)	(0.11)	(1.17)	(1.25)	(0.62)
From dividends	—	—	—	—	—
From capital gains	(0.53)	(0.12)	—	—	—
Return of capital	(1.06)	(1.23)	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.87)</b>	<b>(1.46)</b>	<b>(1.17)</b>	<b>(1.25)</b>	<b>(0.62)</b>
<b>Net asset value, end of period</b>	<b>20.78</b>	<b>18.33</b>	<b>18.31</b>	<b>14.63</b>	<b>14.48</b>

## Sun Life MFS International Value Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.20	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.24	0.12
Total expenses	(0.49)	(0.40)
Realized gains (losses) for the period	0.70	0.21
Unrealized gains (losses) for the period	2.17	0.75
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.62</b>	<b>0.68</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.11)	(0.08)
From dividends	—	—
From capital gains	(0.31)	(0.14)
Return of capital	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.42)</b>	<b>(0.22)</b>
<b>Net asset value, end of period</b>	<b>12.24</b>	<b>10.20</b>

## Sun Life MFS International Value Fund – Series EF

	2015 (\$)
Net asset value, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.04
Total expenses	(0.09)
Realized gains (losses) for the period	0.18
Unrealized gains (losses) for the period	1.59
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.72</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.17)
From dividends	—
From capital gains	(0.26)
Return of capital	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.43)</b>
<b>Net asset value, end of period</b>	<b>9.90</b>

# Sun Life MFS International Value Fund

## Sun Life MFS International Value Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	15.94	14.85	11.16	10.14	10.33
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.42	0.19	0.37	0.36
Total expenses	(0.43)	(0.45)	(0.41)	(0.67)	(0.20)
Realized gains (losses) for the period	1.15	0.57	0.66	0.07	(0.02)
Unrealized gains (losses) for the period	2.63	0.82	3.61	1.80	(0.08)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.78</b>	<b>1.36</b>	<b>4.05</b>	<b>1.57</b>	<b>0.06</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.20)	(0.12)	(0.28)	(0.14)	(0.22)
From dividends	—	—	—	—	—
From capital gains	(0.50)	(0.22)	—	—	—
Return of capital	—	—	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.70)</b>	<b>(0.34)</b>	<b>(0.28)</b>	<b>(0.14)</b>	<b>(0.22)</b>
<b>Net asset value, end of period</b>	<b>19.32</b>	<b>15.94</b>	<b>14.85</b>	<b>11.15</b>	<b>10.14</b>

## Sun Life MFS International Value Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Net asset value, beginning of period	16.69	15.46	11.48	10.30	10.35
<b>Increase (decrease) from operations:</b>					
Total revenue	0.47	0.43	0.35	0.29	0.33
Total expenses	(0.01)	(0.01)	(0.01)	(0.03)	—
Realized gains (losses) for the period	1.23	0.59	0.40	0.06	(0.04)
Unrealized gains (losses) for the period	2.94	0.75	3.49	1.07	(0.11)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>4.63</b>	<b>1.76</b>	<b>4.23</b>	<b>1.39</b>	<b>0.18</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.36)	(0.26)	(0.30)	(0.15)	(0.24)
From dividends	(0.01)	—	—	—	—
From capital gains	(0.53)	(0.23)	—	—	—
Return of capital	—	—	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.90)</b>	<b>(0.49)</b>	<b>(0.30)</b>	<b>(0.15)</b>	<b>(0.24)</b>
<b>Net asset value, end of period</b>	<b>20.34</b>	<b>16.69</b>	<b>15.46</b>	<b>11.47</b>	<b>10.30</b>

## Sun Life MFS International Value Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.30	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.24	0.16
Total expenses	(0.05)	(0.04)
Realized gains (losses) for the period	0.69	0.22
Unrealized gains (losses) for the period	1.89	0.40
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.77</b>	<b>0.74</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.21)	(0.15)
From dividends	—	—
From capital gains	(0.33)	(0.14)
Return of capital	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.54)</b>	<b>(0.29)</b>
<b>Net asset value, end of period</b>	<b>12.54</b>	<b>10.30</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 MFS International Value Fund – Series A

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	138,777,195	62,093,715	17,343,529	1,156,376	442,492
Number of units outstanding <sup>(1)</sup>	7,446,618	4,034,218	1,205,853	105,870	44,031
Management expense ratio (%) <sup>(2)</sup>	2.45	2.44	2.44	2.47	2.47
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.45	2.71	4.08	14.81	12.12
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18	0.14	0.36	0.14
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84	15.42	18.58	23.60
Net asset value per unit (\$) <sup>(1)</sup>	18.64	15.39	14.38	10.92	10.05

### Sun Life MFS International Value Fund – Series T5

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	2,338,904	559,769	167,339	11,093	10,082
Number of units outstanding <sup>(1)</sup>	100,143	27,866	8,600	731	690
Management expense ratio (%) <sup>(2)</sup>	2.50	2.49	2.49	2.51	2.43
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.50	2.76	4.17	15.02	21.24
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18	0.14	0.36	0.42
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84	15.42	18.58	70.81
Net asset value per unit (\$) <sup>(1)</sup>	23.36	20.09	19.46	15.18	14.61



# Sun Life MFS International Value Fund

## Sun Life MFS International Value Fund – Series T8

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	889,679	203,567	158,358	13,123	10,082
Number of units outstanding <sup>(1)</sup>	42,815	11,105	8,651	896	695
Management expense ratio (%) <sup>(2)</sup>	2.50	2.49	2.49	2.50	2.43
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.50	2.76	4.17	14.99	21.24
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18	0.14	0.36	0.42
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84	15.42	18.58	70.81
Net asset value per unit (\$) <sup>(1)</sup>	20.78	18.33	18.31	14.65	14.50

## Sun Life MFS International Value Fund – Series E

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	4,754,461	787,321
Number of units outstanding <sup>(1)</sup>	388,338	77,157
Management expense ratio (%) <sup>(2)</sup>	2.45	2.41
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.45	2.67
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84
Net asset value per unit (\$) <sup>(1)</sup>	12.24	10.20

## Sun Life MFS International Value Fund – Series EF

	2015
Total net asset value (\$) <sup>(1)</sup>	1,524,801
Number of units outstanding <sup>(1)</sup>	153,998
Management expense ratio (%) <sup>(2)</sup>	1.35
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.35
Trading expense ratio (%) <sup>(3)</sup>	0.10
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23
Net asset value per unit (\$) <sup>(1)</sup>	9.90

## Sun Life MFS International Value Fund – Series F

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	100,513,498	31,480,280	7,537,931	92,408	131,341
Number of units outstanding <sup>(1)</sup>	5,201,709	1,974,451	507,686	8,277	12,927
Management expense ratio (%) <sup>(2)</sup>	1.36	1.34	1.36	1.35	1.38
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.36	1.48	2.28	8.07	7.65
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18	0.14	0.36	0.14
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84	15.42	18.58	23.60
Net asset value per unit (\$) <sup>(1)</sup>	19.32	15.94	14.85	11.16	10.16

## Sun Life MFS International Value Fund – Series I

	2015	2014	2013	2012	2011
Total net asset value (\$) <sup>(1)</sup>	585,121,271	413,612,610	192,643,711	94,065,729	2,506,390
Number of units outstanding <sup>(1)</sup>	28,766,075	24,783,917	12,458,008	8,192,737	242,996
Management expense ratio (%) <sup>(2)</sup>	0.03	0.03	0.04	0.06	0.03
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.03	0.04	0.07	0.34	6.96
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18	0.14	0.36	0.14
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84	15.42	18.58	23.60
Net asset value per unit (\$) <sup>(1)</sup>	20.34	16.69	15.46	11.48	10.31

## Sun Life MFS International Value Fund – Series O

	2015	2014
Total net asset value (\$) <sup>(1)</sup>	7,549,214	1,288,913
Number of units outstanding <sup>(1)</sup>	601,851	125,097
Management expense ratio (%) <sup>(2)</sup>	0.22	0.22
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.22	0.25
Trading expense ratio (%) <sup>(3)</sup>	0.10	0.18
Portfolio turnover rate (%) <sup>(4)(5)</sup>	29.23	20.84
Net asset value per unit (\$) <sup>(1)</sup>	12.54	10.30

<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.



# Sun Life MFS International Value Fund

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	2.00	39	61
Series T5 Units	2.00	35	65
Series T8 Units	2.00	32	68
Series E Units	2.00	47	53
Series EF Units	1.00	—	100
Series F Units	1.00	—	100
Series I Units	—	—	—
Series O Units <sup>2</sup>	1.00	—	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.

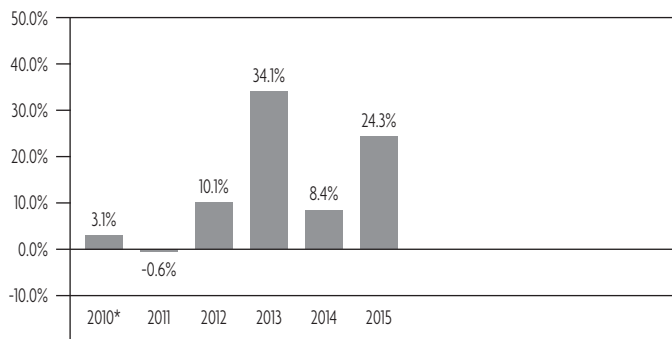
## PAST PERFORMANCE

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.

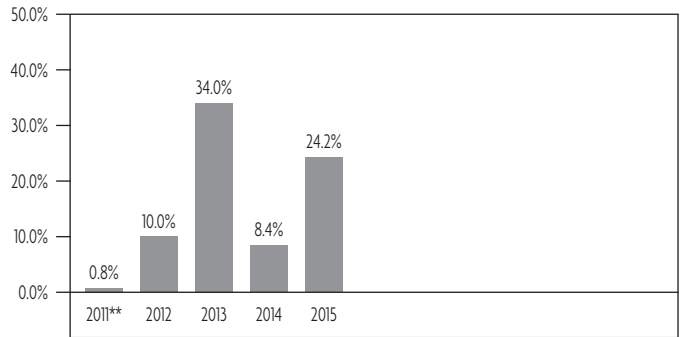
### Year-by-Year Returns

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.

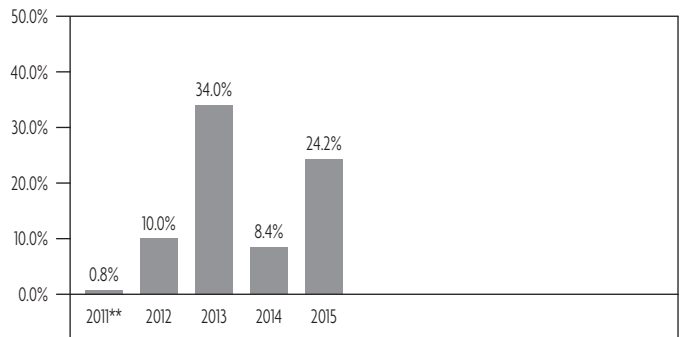
**Series A Units – Annual return for the periods ended December 31, 2015**



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



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

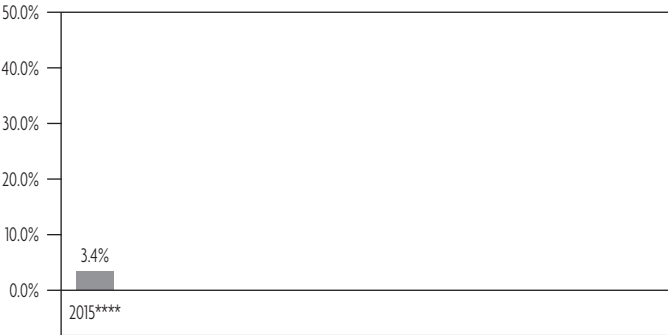


**Series E Units – Annual return for the periods ended December 31, 2015**

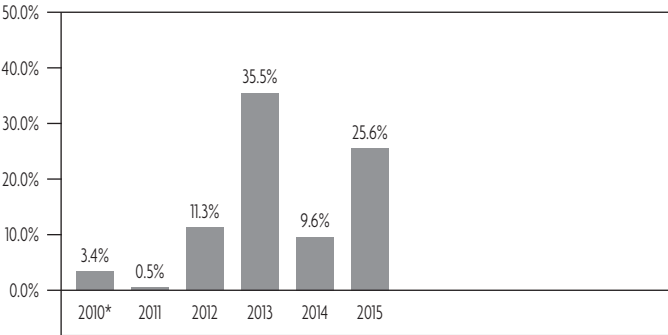


# Sun Life MFS International Value Fund

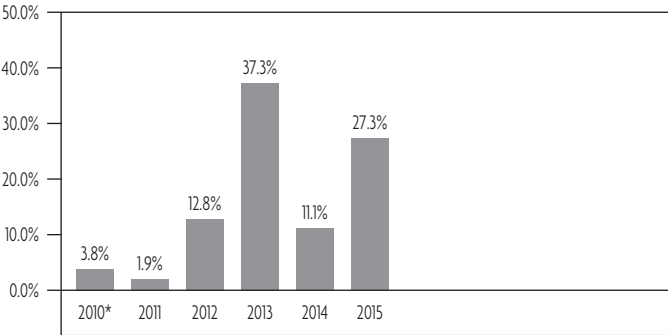
Series EF Units – Annual return for the period ended December 31, 2015



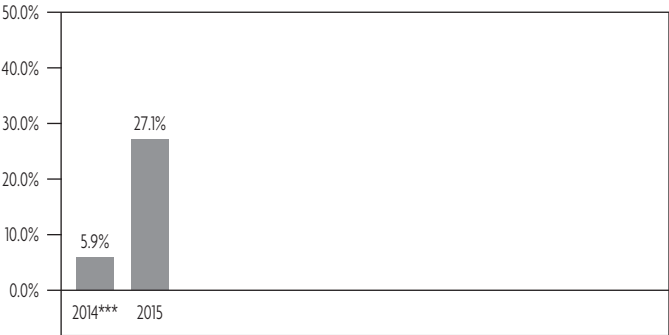
Series F Units – Annual return for the periods ended December 31, 2015



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 of October 1, 2010 to December 31, 2010
- \*\* for the period of 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, T5, T8, E, F, I and O units of the Fund with the MSCI EAFE C\$ Index.

The MSCI EAFE C\$ Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U. S. and Canada.

# Sun Life MFS International Value Fund

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

	Performance				
	1 Year	3 Year	5 Year	10 Year	Start Date <sup>(1)(2)(3)(4)</sup>
Sun Life MFS International Value Fund – Series A	24.3%	21.8%	14.6%	N/A	14.5%
Sun Life MFS International Value Fund – Series F	25.6%	23.1%	15.9%	N/A	15.8%
Sun Life MFS International Value Fund – Series I	27.3%	24.7%	17.4%	N/A	17.3%
MSCI EAFE C\$ Index	19.0%	17.3%	10.8%	N/A	10.9%
Sun Life MFS International Value Fund – Series E	24.3%	N/A	N/A	N/A	15.9%
Sun Life MFS International Value Fund – Series O	27.1%	N/A	N/A	N/A	18.5%
MSCI EAFE C\$ Index	19.0%	N/A	N/A	N/A	9.9%
Sun Life MFS International Value Fund – Series T5	24.2%	21.8%	N/A	N/A	17.4%
Sun Life MFS International Value Fund – Series T8	24.2%	21.7%	N/A	N/A	17.4%
MSCI EAFE C\$ Index	19.0%	17.3%	N/A	N/A	14.6%

<sup>(1)</sup> The performance start date for Series A, F, and I units was October 1, 2010.

<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.

<sup>(4)</sup> Performance for Series EF units is not shown as both Series EF has not been distributed under a simplified prospectus for 12 months.

## 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 Nestle SA	4.5
2 Danone SA	3.8
3 Reckitt Benckiser Group PLC	3.5
4 Cash	3.0
5 KDDI Corp.	3.0
6 Brambles Ltd.	2.9
7 Kao Corp.	2.5
8 Colgate-Palmolive Co.	2.4
9 Henkel AG & Co., KGaA	2.4
10 Japan Tobacco Inc.	2.2
11 Pernod Ricard SA	2.0
12 Compass Group PLC	1.9
13 Telefonaktiebolaget LM Ericsson, Class B	1.9
14 Nomura Research Institute Ltd.	1.9
15 Heineken NV	1.9
16 British American Tobacco PLC	1.8
17 Givaudan SA	1.8
18 Taiwan Semiconductor Manufacturing Co., Ltd., ADR	1.8
19 Yamato Holdings Co., Ltd.	1.7
20 Amadeus IT Holding SA	1.7
21 Bayer AG	1.5
22 Roche Holding AG	1.5
23 Deutsche Annington Immobilien SE	1.5
24 Analog Devices Inc.	1.5
25 Bunzl PLC	1.4
<b>56.0</b>	
<b>Total Net Asset Value (000's)</b>	<b>\$ 841,469</b>

### Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Consumer Staples	29.2
Information Technology	16.9
Financials	16.5
Industrials	14.7
Health Care	6.2
Telecommunication Services	4.4
Materials	4.1
Consumer Discretionary	3.7
Cash and Cash Equivalents <sup>(2)</sup>	3.5
Energy	0.8
<b>100.0</b>	

# Sun Life MFS International Value Fund

## Geographic Allocation

	Percentage of Net Asset Value of the Fund (%)
Europe (excluding United Kingdom)	43.1
Japan	23.5
United Kingdom	15.5
United States of America	6.7
Australia	3.9
Cash and Cash Equivalents <sup>(2)</sup>	3.5
Taiwan	1.8
Canada	1.3
Bermuda	0.7
	<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 MFS International Value 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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