
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2015

Sun Life MFS U.S. Equity Fund



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



Sun Life MFS U.S. 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 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 U.S. Equity Fund (the "Fund") is to aim for long-term capital growth by investing primarily in companies domiciled in the United States or whose primary stock exchange listing is in the United States.

The Fund's sub-advisor is MFS Investment Management Canada Limited ("MFSIM") and the sub-advisor to MFSIM is MFS Institutional Advisors, Inc. ("MFS"). In pursuing the Fund's investment objective, the sub-advisor may invest in companies of any size. The Fund seeks to invest in equity securities of companies domiciled in the United States, or whose primary listing is in the United States. The Fund may also invest up to 20% of the Fund's assets in non-U.S. securities. Using a bottom-up investment approach – investments are selected 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. Other factors are considered such as earnings, cash flows, competitive position and management ability of issuers.

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 \$491.6 million to \$619.3 million. The increase in net asset value was due to positive performance, partially offset by net redemptions in the period.

During the period, the Fund returned 18.0% for Series A units. This result trailed the Fund's benchmark, the S&P 500 C\$ Index, which returned 21.6%. 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.

Weak stock selection in the Consumer Discretionary sector detracted from the Fund's performance relative to the S&P 500 Index. Not owning shares of internet retailer Amazon.com weakened relative results. The Fund's overweight positions in media firms Time Warner and Twenty-First Century Fox also held back relative returns.

Stock selection in the Industrials sector was another area of relative weakness. Not owning shares of diversified industrial conglomerate General Electric held back relative performance. Shares of railroad company Canadian National Railway (Canada) also dampened relative returns.

Elsewhere, not owning software giant Microsoft and social networking service provider Facebook dampened relative performance as the shares of both companies outpaced the Fund's benchmark. The Fund's overweight positions in financial services company American Express and energy exploration and production companies EOG Resources and Noble Energy also detracted from 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, detracted from 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.

Stock selection in the Information Technology sector benefited relative performance. The Fund's overweight position in internet search giant Alphabet (formerly Google), global payments technology company Visa and management consulting firm Accenture were notable contributors to relative returns. Not owning shares of wireless communications software company QUALCOMM also aided relative results.

The Fund's underweight position in the Energy sector was another contributor to relative performance. Not owning shares of poor-performing integrated oil and gas company Exxon Mobil and natural gas pipelines operator Kinder Morgan also bolstered relative performance.

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In other sectors, the Fund's overweight positions in snack food and beverage producer Mondelez International, financial clearing house Nasdaq, commercial products manufacturer Newell Rubbermaid and life sciences supply company Thermo Fisher Scientific further strengthened relative results.

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 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, 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 F units was February 13, 2008, and the date for Series I units was November 28, 2008. Prior to April 2, 2012, these series were called classes. Effective April 2, 2012, Class O units of the Fund were renamed as Series I units.

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and Class C units were reclassified as Series I units. 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 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 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 U.S. Equity Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)	2011 (\$)	2011 (U.S.\$)
Net asset value, beginning of period	53.64	45.23	32.74	29.03	28.51	30.14	30.33
Increase (decrease) from operations:							
Total revenue	0.95	0.83	0.63	0.57	0.57	0.53	0.54
Total expenses	(1.64)	(1.39)	(1.13)	(0.73)	(0.73)	(0.60)	(0.61)
Realized gains (losses) for the period	5.23	8.72	3.46	5.71	5.71	0.32	0.32
Unrealized gains (losses) for the period	4.58	0.58	9.53	(0.71)	(0.71)	(2.84)	(2.87)
Total increase (decrease) from operations⁽²⁾	9.12	8.74	12.49	4.84	4.84	(2.59)	(2.62)
Distributions:							
From income (excluding dividends)	—	—	—	(0.08)	(0.08)	—	—
From dividends	—	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—	—
Total annual distributions⁽³⁾	—	—	—	(0.08)	(0.08)	—	—
Net asset value, end of period	63.30	53.64	45.23	32.74	32.88	29.03	28.51

Sun Life MFS U.S. Equity Fund – Series D

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)	2011 (\$)	2011 (U.S.\$)
Net asset value, beginning of period	55.32	46.32	33.26	29.33	28.80	30.32	30.51
Increase (decrease) from operations:							
Total revenue	0.99	0.85	0.63	0.58	0.58	0.53	0.54
Total expenses	(1.17)	(0.99)	(0.77)	(0.50)	(0.50)	(0.43)	(0.43)
Realized gains (losses) for the period	5.49	8.79	3.69	6.67	6.67	0.47	0.48
Unrealized gains (losses) for the period	5.28	0.27	9.52	(1.69)	(1.69)	(2.21)	(2.24)
Total increase (decrease) from operations⁽²⁾	10.59	8.92	13.07	5.06	5.06	(1.64)	(1.65)
Distributions:							
From income (excluding dividends)	(0.02)	(0.06)	—	(0.13)	(0.13)	—	—
From dividends	—	—	—	—	—	(0.08)	(0.08)
From capital gains	—	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—	—
Total annual distributions⁽³⁾	(0.02)	(0.06)	—	(0.13)	(0.13)	(0.08)	(0.08)
Net asset value, end of period	65.80	55.32	46.32	33.26	33.40	29.33	28.80

Sun Life MFS U.S. Equity Fund

Sun Life MFS U.S. Equity Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	11.29	10.00
Increase (decrease) from operations:		
Total revenue	0.22	0.13
Total expenses	(0.35)	(0.22)
Realized gains (losses) for the period	0.91	1.66
Unrealized gains (losses) for the period	2.26	(0.25)
Total increase (decrease) from operations⁽²⁾	3.04	1.32
Distributions:		
From income (excluding dividends)	(0.17)	(0.02)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.17)	(0.02)
Net asset value, end of period	13.15	11.29

Sun Life MFS U.S. Equity Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)	2011 (\$)	2011 (U.S.\$)
Net asset value, beginning of period	54.83	45.85	33.00	29.14	28.62	30.13	30.32
Increase (decrease) from operations:							
Total revenue	0.97	0.84	0.63	0.56	0.56	0.52	0.53
Total expenses	(1.00)	(0.82)	(0.64)	(0.42)	(0.42)	(0.34)	(0.34)
Realized gains (losses) for the period	5.36	8.66	3.55	3.45	3.45	0.44	0.45
Unrealized gains (losses) for the period	8.71	(0.06)	9.60	3.44	3.44	(2.47)	(2.50)
Total increase (decrease) from operations⁽²⁾	14.04	8.62	13.14	7.03	7.03	(1.85)	(1.86)
Distributions:							
From income (excluding dividends)	–	(0.12)	(0.22)	(0.28)	(0.28)	–	–
From dividends	–	–	–	–	–	(0.15)	(0.15)
From capital gains	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–
Total annual distributions⁽³⁾	–	(0.12)	(0.22)	(0.28)	(0.28)	(0.15)	(0.15)
Net asset value, end of period	65.40	54.83	45.85	33.00	33.14	29.14	28.62

Sun Life MFS U.S. Equity Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2012 (U.S.\$)	2011 (\$)	2011 (U.S.\$)
Net asset value, beginning of period	55.85	46.72	33.54	29.56	29.03	30.62	30.82
Increase (decrease) from operations:							
Total revenue	1.01	0.86	0.64	0.58	0.58	0.54	0.55
Total expenses	(0.16)	(0.15)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	5.54	8.77	3.64	1.69	1.69	0.44	0.45
Unrealized gains (losses) for the period	5.19	(0.15)	9.79	–	–	(1.52)	(1.54)
Total increase (decrease) from operations⁽²⁾	11.58	9.33	14.05	2.26	2.26	(0.55)	(0.55)
Distributions:							
From income (excluding dividends)	(1.06)	(0.90)	(0.71)	(0.63)	(0.63)	–	–
From dividends	(0.01)	(0.01)	–	–	–	(0.55)	(0.54)
From capital gains	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–
Total annual distributions⁽³⁾	(1.07)	(0.91)	(0.71)	(0.63)	(0.63)	(0.55)	(0.54)
Net asset value, end of period	66.43	55.85	46.72	33.54	33.68	29.56	29.03

Sun Life MFS U.S. Equity Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	11.32	10.00
Increase (decrease) from operations:		
Total revenue	0.20	0.14
Total expenses	(0.06)	(0.05)
Realized gains (losses) for the period	1.11	1.79
Unrealized gains (losses) for the period	1.08	1.14
Total increase (decrease) from operations⁽²⁾	2.33	3.02
Distributions:		
From income (excluding dividends)	(0.20)	(0.18)
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total annual distributions⁽³⁾	(0.20)	(0.18)
Net asset value, end of period	13.46	11.32

⁽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").

Sun Life MFS U.S. Equity Fund

Ratios and Supplemental Data⁽⁶⁾

Sun Life MFS U.S. Equity Fund – Series A

	USD				USD		
	2015	2014	2013	2012	2012	2011	2011
Total net asset value (\$) ⁽¹⁾	7,863,132	5,035,221	2,739,130	1,158,260	1,163,264	931,837	915,138
Number of units outstanding ⁽¹⁾	124,216	93,875	60,564	35,381	35,381	32,088	32,088
Management expense ratio (%) ⁽²⁾	2.42	2.42	2.42	2.29	2.29	2.03	2.05
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.42	2.42	2.42	2.29	2.29	2.03	2.05
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.04	0.09	0.09	0.04	0.04
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.33	30.72	39.09	150.12	150.19	22.74	23.00
Net asset value per unit (\$) ⁽¹⁾	63.30	53.64	45.23	32.74	32.88	29.04	28.52

Sun Life MFS U.S. Equity Fund – Series D

	USD				USD		
	2015	2014	2013	2012	2012	2011	2011
Total net asset value (\$) ⁽¹⁾	36,129,234	35,053,323	33,460,580	31,953,335	32,091,373	40,289,836	39,567,842
Number of units outstanding ⁽¹⁾	549,087	633,694	722,431	960,693	960,693	1,373,494	1,373,494
Management expense ratio (%) ⁽²⁾	1.60	1.60	1.64	1.55	1.55	1.35	1.37
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.60	1.60	1.64	1.55	1.55	1.35	1.37
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.04	0.09	0.09	0.04	0.04
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.33	30.72	39.09	150.12	150.19	22.74	23.00
Net asset value per unit (\$) ⁽¹⁾	65.80	55.32	46.32	33.26	33.40	29.33	28.81

Sun Life MFS U.S. Equity Fund – Series E

	2015		2014		2013		2012	
Total net asset value (\$) ⁽¹⁾	1,117,369		1,131,6		85,003		1,003	
Number of units outstanding ⁽¹⁾	2.42		2.50		2.42		2.50	
Management expense ratio (%) ⁽²⁾	2.42		2.50		0.02		0.03	
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.02		0.03		25.33		30.72	
Trading expense ratio (%) ⁽³⁾	13.15		11.29					
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾								
Net asset value per unit (\$) ⁽¹⁾								

Sun Life MFS U.S. Equity Fund – Series F

	USD				USD		
	2015	2014	2013	2012	2012	2011	2011
Total net asset value (\$) ⁽¹⁾	10,260,870	18,627,917	19,742,639	16,801,167	16,873,748	5,734,625	5,631,861
Number of units outstanding ⁽¹⁾	156,898	339,709	430,619	509,161	509,161	196,703	196,703
Management expense ratio (%) ⁽²⁾	1.35	1.35	1.36	1.31	1.31	1.09	1.10
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.35	1.35	1.36	1.31	1.31	1.09	1.10
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.04	0.09	0.09	0.04	0.04
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.33	30.72	39.09	150.12	150.19	22.74	23.00
Net asset value per unit (\$) ⁽¹⁾	65.40	54.83	45.85	33.00	33.14	29.15	28.63

Sun Life MFS U.S. Equity Fund – Series I

	USD				USD		
	2015	2014	2013	2012	2012	2011	2011
Total net asset value (\$) ⁽¹⁾	556,745,320	428,498,444	517,670,819	403,701,529	405,445,519	45,241,739	44,431,007
Number of units outstanding ⁽¹⁾	8,381,031	7,672,654	11,080,205	12,039,384	12,039,384	1,530,061	1,530,061
Management expense ratio (%) ⁽²⁾	0.03	0.03	0.04	0.05	0.05	–	–
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.03	0.03	0.04	0.05	0.05	–	–
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.04	0.09	0.09	0.04	0.04
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.33	30.72	39.09	150.12	150.19	22.74	23.00
Net asset value per unit (\$) ⁽¹⁾	66.43	55.85	46.72	33.54	33.68	29.57	29.04

Sun Life MFS U.S. Equity Fund – Series O

	2015	2014
Total net asset value (\$) ⁽¹⁾	7,147,336	4,326,159
Number of units outstanding ⁽¹⁾	531,030	382,106
Management expense ratio (%) ⁽²⁾	0.23	0.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.23	0.23
Trading expense ratio (%) ⁽³⁾	0.02	0.03
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.33	30.72
Net asset value per unit (\$) ⁽¹⁾	13.46	11.32

- ⁽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	2.00	40	60
Series D Units	1.25	16	84
Series E Units	2.00	50	50
Series F Units	1.00	–	100
Series I Units	–	–	–
Series O Units ²	1.00	–	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.

Sun Life MFS U.S. Equity Fund

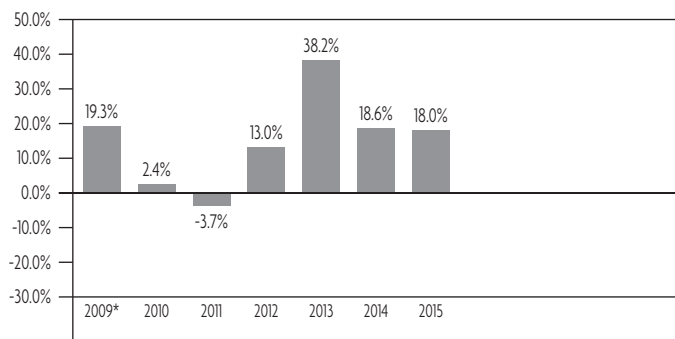
PAST PERFORMANCE

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.

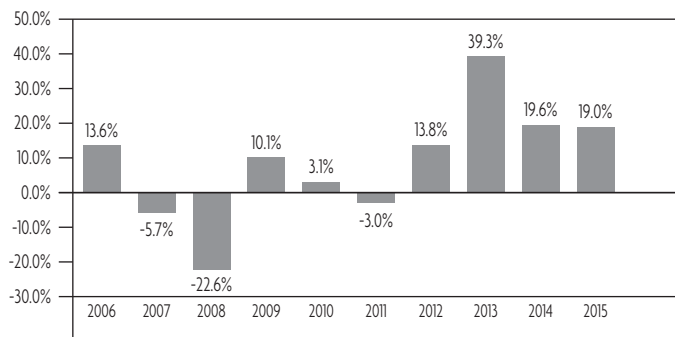
Year-by-Year Returns

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



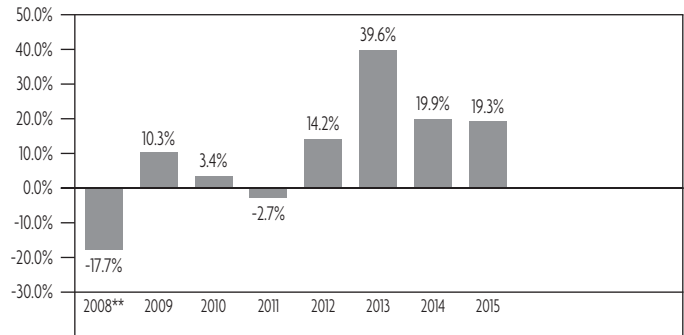
Series D Units – Annual return for the periods ended December 31, 2015



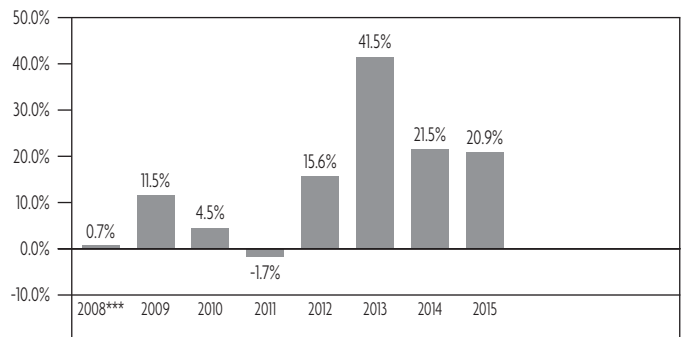
Series E Units – Annual return for the periods ended December 31, 2015



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



Sun Life MFS U.S. Equity Fund

* 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 November 28, 2008 to December 31, 2008

**** 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, D, E, F, I and O units of the Fund with the S&P 500 C\$ Index.

The S&P 500 C\$ Index measures the performance of the a stock market index based on the market capitalizations of 500 leading companies publicly traded in the U.S. stock 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⁾
Sun Life MFS U.S. Equity Fund – Series A	18.0%	24.6%	16.1%	N/A	15.0%
S&P 500 C\$ Index	21.6%	28.6%	20.4%	N/A	19.2%
Sun Life MFS U.S. Equity Fund – Series E	18.0%	N/A	N/A	N/A	17.9%
Sun Life MFS U.S. Equity Fund – Series O	20.6%	N/A	N/A	N/A	20.6%
S&P 500 C\$ Index	21.6%	N/A	N/A	N/A	22.4%
Sun Life MFS U.S. Equity Fund – Series D	19.0%	25.6%	16.9%	7.5%	N/A
S&P 500 C\$ Index	21.6%	28.6%	20.4%	9.2%	N/A
Sun Life MFS U.S. Equity Fund – Series F	19.3%	25.9%	17.3%	N/A	9.7%
S&P 500 C\$ Index	21.6%	28.6%	20.4%	N/A	12.3%
Sun Life MFS U.S. Equity Fund – Series I	20.9%	27.6%	18.7%	N/A	15.5%
S&P 500 C\$ Index	21.6%	28.6%	20.4%	N/A	16.6%

⁽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 February 15, 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.

⁽⁴⁾ 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.

⁽⁵⁾ 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 Alphabet Inc.	4.3
2 JPMorgan Chase & Co.	3.3
3 Danaher Corp.	2.9
4 Visa Inc., Class A	2.8
5 Thermo Fisher Scientific Inc.	2.3
6 Bank of America Corporation	2.1
7 Johnson & Johnson	2.1
8 Wells Fargo & Co.	2.1
9 American Tower Corp.	1.9
10 Accenture PLC	1.9
11 American Express Co.	1.8
12 Cognizant Technology Solutions Corp.	1.8
13 The Goldman Sachs Group Inc.	1.8
14 Avago Technologies Ltd.	1.8
15 Newell Rubbermaid Inc.	1.8
16 Honeywell International Inc.	1.8
17 MasterCard Inc., Class A	1.7
18 Comcast Corp.	1.7
19 Mondelez International Inc.	1.6
20 Fidelity National Information Services Inc.	1.5
21 BlackRock Inc.	1.5
22 Bristol-Myers Squibb Co.	1.5
23 EMC Corp.	1.5
24 Canadian National Railway Co.	1.4
25 Monsanto Co.	1.4
	50.3
Total Net Asset Value (000's)	\$ 619,263

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	23.8
Information Technology	16.0
Health Care	14.8
Consumer Discretionary	13.9
Industrials	9.7
Consumer Staples	9.3
Materials	5.2
Energy	4.7
Utilities	1.5
Cash and Cash Equivalents ⁽²⁾	1.1
	100.0

Sun Life MFS U.S. Equity Fund

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
U.S. Equities	83.2
International Equities	13.3
Canadian Equities	2.4
Cash and Cash Equivalents ⁽²⁾	1.1
	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 U.S. 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 or www.sedar.com.

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