
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2015

Sun Life Sentry Value Fund



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



Sun Life Sentry 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 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 Objectives and Strategies

The fundamental objective of the Sun Life Sentry Value Fund (the "Fund") is to seek long-term capital appreciation by investing primarily in the equity securities of Canadian and U.S. companies. The Fund may invest in securities of other mutual funds (including exchange-traded funds).

The Fund's sub-advisor is Sentry Investments Inc. (the "sub-advisor"). In pursuing the Fund's investment objectives, the sub-advisor invests primarily in the equity securities of Canadian and U.S. companies that are considered to be undervalued compared to their perceived worth. The Fund may invest in debt or other fixed income instruments and in U.S. and other foreign securities in an amount not exceeding 49% of the assets of the Fund. The Fund may also invest, in aggregate, up to 10% of the Fund's net asset value in exchange-traded funds.

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 \$38.1 million to \$60.9 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 0.5% for Series A units. This result surpassed the Fund's benchmark, the S&P/TSX Composite Index, which returned -8.3%. The performance returns for other series of this Fund are similar to those of Series A except for differences in expense structures. Please refer to the 'Past Performance' section of this report for performance of each series.

Outperformance by the Fund relative to the benchmark was generally associated with the Fund's allocation to U.S. equities and the Fund's underweight position in the Energy

sector as compared to the benchmark. The Energy sector represented 18.5% of the benchmark at the end of the period. In contrast, the Fund held 10.0% in Energy sector securities; the sector fell 22.9% over the period, significantly underperforming the TSX. In addition, the Fund's allocation to U.S. equities, 29.1% at the end of the period, contributed positively to performance, as a declining Canadian dollar contributed to the return of the Fund's U.S. holdings.

The sub-advisor evaluates the Fund's investments on a stock-by-stock level. As a result, sector weights or shifts are not necessarily indicative of a particular opinion (or change of opinion) on that sector, and sector weights are merely the result of security selection. The largest shift in sector exposure was in the Industrials sector, with a weight of 17.5% at the end of the period, down from 27.2%. This can be generally attributed to the sub-advisor exiting several positions in the sector in favour of other opportunities. The Fund's exposure to Financials also increased over the period from 2.8% to 8.9%, as the sub-advisor took advantage of attractive entry points to initiate positions in the sector. The cash weighting in the Fund remained fairly stable, ending the period at 11.5%, up from 9.4%.

Recent Developments

The Canadian economy struggled during 2015, as reduced global demand and subsequent low prices for oil, natural gas and other commodities led to two consecutive quarters of economic contraction beginning in the second quarter. The effect of low commodity prices took a toll on western Canada in particular as companies were forced to slash capital expenditures, and consumer confidence levels fell. Typically, low commodity prices lead to a weak Canadian dollar, which, in turn, leads to a surge in manufacturing and exports from central Canada. However, this relationship failed to materialize this time around, prompting the Bank of Canada to lower its overnight rate twice in 2015.

In the U.S., worries of an economic slowdown and headwinds to global growth caused the stock market to remain range-bound during the year. Then a sharp drop in the Shanghai Stock Exchange started a market rout that traveled the globe. Markets briefly righted themselves towards the end of August, but investor sentiment remained negative – in spite of positive economic indicators – and markets remained volatile through to the end of the year. The year ended with

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a widely anticipated 25 basis point increase in interest rates by the U.S. Federal Reserve. This was interpreted as a sign of confidence in the U.S. economy and marked the end of a seven-year period of government intervention in the financial markets.

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 Sentry Investments Inc. to act as a sub-advisor for the Fund.

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

Fund Administrative Expenses

The Manager pays certain of the operating expenses of each Fund (the “Administration Expenses”) in return for a fixed administration fee paid to the Manager by each Fund (“Administration Fee”). The Administration Fee is based on the net asset value of each series of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as a fund administrative expense in the Fund's Statement of Comprehensive Income found in the annual financial statements (audited).

Each Fund also pays certain operating expenses directly (the “Fund Costs”). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund's Independent Review Committee (“IRC”); taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. Each Fund allocates Fund Costs

proportionately among its series of units. The Fund Costs that are specific to a series of units are allocated to that series. These amounts are paid out of the assets attributed to each series of units of the Fund, which reduces the return you may receive.

Series Description

The Fund offers the following series of units: A, E, F, I and O. The date of creation for the Series A, F, and I units was January 17, 2013 and the date of creation for Series E and O units was April 1, 2014.

Series A units are available to all investors.

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

Series F units are available to investors who have a fee-based account with their dealer and whose dealer has signed an agreement with the Manager. Instead of paying sales charges, investors buying Series F units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of Series F units, so the Manager can charge a lower management fee.

Series I units are special purpose securities that are currently only available to other mutual funds and eligible institutional investors. Series I units are not sold to the general public. Each Series I investor negotiates its own management and advisory fee that is paid directly to the Manager.

Series O units are available to investors through the Private Client program and must be purchased through a Private Client account. Each Series O investor pays a management fee directly to the Manager and is eligible for management fee reductions, if any, based on the value of Series O units held in the investor's Private Client account. Series O management fees are paid, after subtracting any management fee reductions, by a redemption of Series O units in the investor's account.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from the date of inception to December 31, 2015.

Sun Life Sentry Value Fund

The Fund's Net Asset Value per Unit (\$) ⁽¹⁾

Sun Life Sentry Value Fund – Series A

	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	13.20	11.84	10.00
Increase (decrease) from operations:			
Total revenue	0.32	0.32	0.28
Total expenses	(0.38)	(0.40)	(0.44)
Realized gains (losses) for the period	0.59	0.57	0.83
Unrealized gains (losses) for the period	(0.63)	0.95	2.27
Total increase (decrease) from operations⁽²⁾	(0.10)	1.44	2.94
Distributions:			
From income (excluding dividends)	–	–	(0.01)
From dividends	–	–	(0.07)
From capital gains	(0.41)	(0.30)	(0.56)
Return of capital	–	–	–
Total annual distributions⁽³⁾	(0.41)	(0.30)	(0.64)
Net asset value, end of period	12.86	13.20	11.84

Sun Life Sentry Value Fund – Series E

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.52	10.00
Increase (decrease) from operations:		
Total revenue	0.26	0.20
Total expenses	(0.30)	(0.25)
Realized gains (losses) for the period	0.40	0.17
Unrealized gains (losses) for the period	(0.29)	0.59
Total increase (decrease) from operations⁽²⁾	0.07	0.71
Distributions:		
From income (excluding dividends)	–	–
From dividends	(0.08)	(0.06)
From capital gains	(0.32)	(0.23)
Return of capital	–	–
Total annual distributions⁽³⁾	(0.40)	(0.29)
Net asset value, end of period	10.17	10.52

Sun Life Sentry Value Fund – Series F

	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	13.37	11.95	10.00
Increase (decrease) from operations:			
Total revenue	0.32	0.33	0.28
Total expenses	(0.21)	(0.23)	(0.24)
Realized gains (losses) for the period	0.56	0.52	0.54
Unrealized gains (losses) for the period	(0.61)	0.95	2.04
Total increase (decrease) from operations⁽²⁾	0.06	1.57	2.62
Distributions:			
From income (excluding dividends)	–	–	(0.02)
From dividends	(0.11)	(0.09)	(0.08)
From capital gains	(0.41)	(0.30)	(0.57)
Return of capital	–	–	–
Total annual distributions⁽³⁾	(0.52)	(0.39)	(0.66)
Net asset value, end of period	13.06	13.37	11.95

Sun Life Sentry Value Fund – Series I

	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	13.57	12.04	10.00
Increase (decrease) from operations:			
Total revenue	0.33	0.33	0.26
Total expenses	(0.02)	(0.02)	(0.03)
Realized gains (losses) for the period	0.54	0.65	0.75
Unrealized gains (losses) for the period	(0.57)	0.87	1.82
Total increase (decrease) from operations⁽²⁾	0.28	1.83	2.80
Distributions:			
From income (excluding dividends)	–	–	(0.03)
From dividends	(0.26)	(0.16)	(0.12)
From capital gains	(0.43)	(0.31)	(0.57)
Return of capital	–	–	–
Total annual distributions⁽³⁾	(0.69)	(0.47)	(0.72)
Net asset value, end of period	13.26	13.57	12.04

Sun Life Sentry Value Fund – Series O

	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.63	10.00
Increase (decrease) from operations:		
Total revenue	0.27	0.20
Total expenses	(0.04)	(0.03)
Realized gains (losses) for the period	0.36	0.15
Unrealized gains (losses) for the period	(0.42)	0.55
Total increase (decrease) from operations⁽²⁾	0.17	0.87
Distributions:		
From income (excluding dividends)	–	–
From dividends	(0.21)	(0.12)
From capital gains	(0.33)	(0.24)
Return of capital	–	–
Total annual distributions⁽³⁾	(0.54)	(0.36)
Net asset value, end of period	10.38	10.63

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- ⁽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.

Ratios and Supplemental Data

Sun Life Sentry Value Fund – Series A

	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	19,162,647	12,672,647	2,176,749
Number of units outstanding ⁽¹⁾	1,490,284	959,815	183,817
Management expense ratio after absorption % ⁽²⁾	2.39	2.41	2.39
Management expense ratio before waivers or absorption % ⁽²⁾	2.39	4.04	16.40
Trading expense ratio % ⁽³⁾	0.20	0.24	0.27
Portfolio turnover rate % ⁽⁴⁾⁽⁵⁾	77.20	71.54	83.58
Net asset value per unit (\$) ⁽¹⁾	12.86	13.20	11.84

Sun Life Sentry Value Fund – Series E

	2015	2014
Total net asset value (\$) ⁽¹⁾	4,958,383	1,350,145
Number of units outstanding ⁽¹⁾	487,721	128,310
Management expense ratio after absorption % ⁽²⁾	2.39	2.45
Management expense ratio before waivers or absorption % ⁽²⁾	2.39	4.11
Trading expense ratio % ⁽³⁾	0.20	0.24
Portfolio turnover rate % ⁽⁴⁾⁽⁵⁾	77.20	71.54
Net asset value per unit (\$) ⁽¹⁾	10.17	10.52

Sun Life Sentry Value Fund – Series F

	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	1,848,895	1,503,485	224,041
Number of units outstanding ⁽¹⁾	141,527	112,416	18,754
Management expense ratio after absorption % ⁽²⁾	1.29	1.30	1.29
Management expense ratio before waivers or absorption % ⁽²⁾	1.29	2.19	8.83
Trading expense ratio % ⁽³⁾	0.20	0.24	0.27
Portfolio turnover rate % ⁽⁴⁾⁽⁵⁾	77.20	71.54	83.58
Net asset value per unit (\$) ⁽¹⁾	13.06	13.37	11.95

Sun Life Sentry Value Fund – Series I

	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	31,786,914	21,872,451	7,056,878
Number of units outstanding ⁽¹⁾	2,396,635	1,611,379	586,258
Management expense ratio after absorption % ⁽²⁾	0.06	0.06	0.06
Management expense ratio before waivers or absorption % ⁽²⁾	0.06	0.10	0.39
Trading expense ratio % ⁽³⁾	0.20	0.24	0.27
Portfolio turnover rate % ⁽⁴⁾⁽⁵⁾	77.20	71.54	83.58
Net asset value per unit (\$) ⁽¹⁾	13.26	13.57	12.04

Sun Life Sentry Value Fund – Series O

	2015	2014
Total net asset value (\$) ⁽¹⁾	3,178,470	738,978
Number of units outstanding ⁽¹⁾	306,215	69,489
Management expense ratio after absorption % ⁽²⁾	0.23	0.23
Management expense ratio before waivers or absorption % ⁽²⁾	0.23	0.38
Trading expense ratio % ⁽³⁾	0.20	0.24
Portfolio turnover rate % ⁽⁴⁾⁽⁵⁾	77.20	71.54
Net asset value per unit (\$) ⁽¹⁾	10.38	10.63

- ⁽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.

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.

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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	1.95	40	60
Series E Units	1.95	47	53
Series F Units	0.95	—	100
Series I Units	—	—	—
Series O Units ²	0.95	—	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.

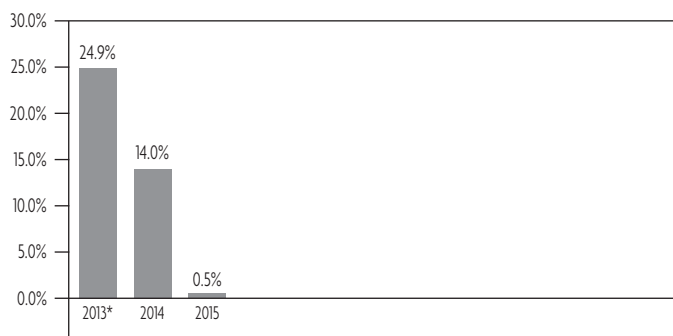
PAST PERFORMANCE

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.

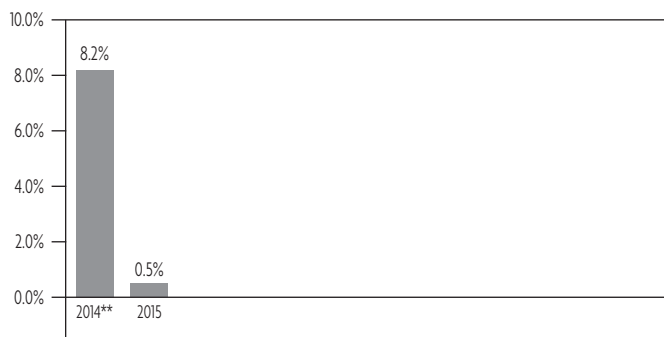
Year-by-Year Returns

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.

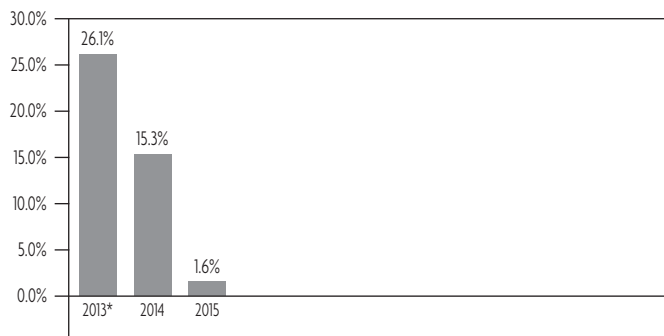
Series A Units – Annual return for the periods ended December 31, 2015



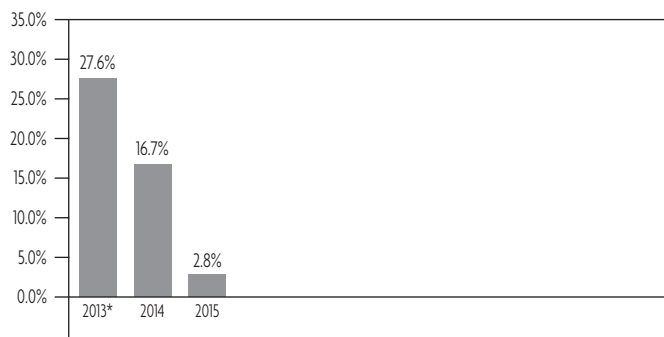
Series E Units – Annual return for the periods ended December 31, 2015



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



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* for the period of January 17, 2013 to December 31, 2013

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

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

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

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾
Sun Life Sentry Value Fund – Series A	0.5%	N/A	N/A	N/A	12.9%
Sun Life Sentry Value Fund – Series F	1.6%	N/A	N/A	N/A	14.1%
Sun Life Sentry Value Fund – Series I	2.8%	N/A	N/A	N/A	15.5%
S&P/TSX Composite Index	(8.3%)	N/A	N/A	N/A	4.2%
Sun Life Sentry Value Fund – Series E	0.5%	N/A	N/A	N/A	4.9%
Sun Life Sentry Value Fund – Series O	2.7%	N/A	N/A	N/A	7.2%
S&P/TSX Composite Index	(8.3%)	N/A	N/A	N/A	(2.6%)

⁽¹⁾ The performance start date for Series A, F and I was January 17, 2013.

⁽²⁾ The performance start date for Series E and O 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 Cash	12.6
2 AltaGas Ltd.	3.5
3 Morneau Shepell Inc.	3.4
4 ShawCor Ltd.	3.3
5 Oracle Corp.	3.1
6 EnerCare Inc.	2.8
7 Republic Services Inc.	2.8
8 AGT Food & Ingredients Inc.	2.7
9 CVS Caremark Corp.	2.6
10 CI Financial Corp.	2.5
11 McKesson Corp.	2.4
12 Magna International Inc.	2.1
13 Comcast Corp.	2.0
14 TransCanada Corporation	1.9
15 Aecon Group Inc.	1.8
16 Shaw Communications Inc., Class B	1.8
17 The Jean Coutu Group PJC Inc., Class A	1.7
18 Chemtrade Logistics Income Fund	1.6
19 Industrial Alliance Insurance & Financial Services Inc.	1.5
20 West Fraser Timber Co., Ltd.	1.5
21 Cinemark Holdings Inc.	1.5
22 TransForce Inc.	1.5
23 Quebecor Inc., Class B	1.5
24 Canadian National Railway Co.	1.4
25 Fortis Inc.	1.4
	64.9
Total Net Asset Value (000's)	\$ 60,935

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Industrials	17.8
Consumer Discretionary	17.2
Cash and Cash Equivalents ⁽²⁾	12.6
Financials	12.0
Consumer Staples	10.6
Materials	7.6
Energy	6.4
Health Care	5.9
Information Technology	5.0
Utilities	4.9
	100.0

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Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Equities	62.1
U.S. Equities	24.3
Cash and Cash Equivalents ⁽²⁾	12.6
International Equities	1.0
	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.

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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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