
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2017

Sun Life BlackRock Canadian Composite Equity Class



Sun Life BlackRock Canadian Composite Equity Class

This semi-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 semi-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., 1 York Street, Toronto, Ontario, M5J 0B6. 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.

Shareholders 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

Results of Operations

During the period, the net asset value of the Sun Life Canadian Composite Equity Class (the "Fund") increased from \$7.6 million to \$10.9 million. The increase in net asset value was due to positive net sales.

During the period, the Fund returned 0.0% for Series A shares. This result lagged the Fund's benchmark, the S&P/TSX Capped Composite, which returned 0.7%. 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.

The Fund currently invests substantially all of its holdings in units of the Sun Life BlackRock Canadian Composite Equity Fund (the "underlying Trust Fund"), which attempts to replicate, to the extent possible, the performance of a broad and recognized Index (which is currently the S&P/TSX Capped Composite Index), net of fees.

The S&P/TSX Composite Index rose to start off 2017, finishing the first quarter up 2.41%. The largest contributions came from the Utilities, Consumer Discretionary, and Information Technology sectors whilst the Energy and Health Care sectors posted losses. In fact, they were only two sectors to post losses in the index. Over the second quarter, the S&P/TSX Composite Index fell 1.64%. The three largest sectors (Financials, Energy and Materials) were the worst performing groups whereas Health care, Industrials and Consumer Discretionary performed well.

Recent Developments

Within commodities, oil had a sell off to start the year based on concerns of some Organization of the Petroleum Exporting Countries ("OPEC") members not adhering to the cuts coupled with U.S. players continued ramping up of production. BlackRock Asset Management Canada Limited (the underlying Trust Fund's sub-advisor) observed a very strong correlation of Canadian equity market returns and oil price movements. Despite OPEC keeping their word on production quotas, U.S. and other non-OPEC members'

producers flooded the market with more production and, as a result, crude prices fell to the \$46 range.

Focusing on Canadian markets, mergers and acquisitions activity saw some large deals as foreign owned oil sands assets were sold to Canadian players. Two large deals were Shell selling to Canadian Natural Resources and Conoco-Philips selling assets to Cenovus. Another impactful mergers and acquisitions deal came late in the first quarter of the period as Dominion Diamond would gain over 40% in 2 days when the first of a large earnings surprise followed immediately the next day by the Washington Co.'s takeover bid in March 2017. In addition, last year's Enbridge/Spectra deal closing in February 2017 resulted in an increase in the index for Enbridge of over 180 basis points, which is the largest cross-border single index change event since Manulife and John Hancock merged in 2004.

Effective February 5, 2016, all Series E and EF shares were converted to Series A shares, under the Front End Sales Charge option, and Series F shares, respectively, of the same Fund. Please refer to the Fund's simplified prospectus for more details about the captioned change and for details about the Private Client Program.

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the "Manager") is the manager 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.

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

Sun Life BlackRock Canadian Composite Equity Class

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 semi-annual financial statements (unaudited).

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

Series Description

The Fund offers the following series of shares: A, AT5, F, I and O. The date of creation for Series A, AT5 and F shares was August 1, 2013, the date of creation for Series O shares was April 1, 2014, and the date of creation for Series I shares was May 1, 2015.

Series A and AT5 shares are available to all investors.

Series AT5 shares are designed to provide investors with a fixed monthly distribution based upon a target annualized distribution rate of 5% of the net asset value per share as at the end of the prior year.

Series F shares 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 shares 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 shares, so the Manager can charge a lower management fee.

Series I shares are special purpose securities that are currently only available to other mutual funds and eligible institutional investors. Series I shares 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 shares 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 shares held in the investor’s Private Client account. Series O management fee is paid, after subtracting any management fee reductions, by a redemption of Series O shares 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 June 30, 2017.

The Fund’s Net Asset Value per Share (\$) ⁽¹⁾

Sun Life BlackRock Canadian Composite Equity Class – Series A

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	11.37	9.78	11.32	10.68	10.00
Increase (decrease) from operations:					
Total revenue	–	0.57	0.22	0.49	0.37
Total expenses	(0.05)	(0.12)	(0.14)	(0.14)	(0.05)
Realized gains (losses) for the period	0.04	–	0.11	0.76	0.04
Unrealized gains (losses) for the period	(0.03)	1.56	(0.95)	(0.06)	0.64
Total increase (decrease) from operations⁽²⁾	(0.04)	2.01	(0.76)	1.05	1.00
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	(0.25)	(0.17)	(0.25)	(0.29)
From capital gains	(0.01)	(0.07)	(0.35)	(0.03)	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.01)	(0.32)	(0.52)	(0.28)	(0.29)
Net asset value, end of period	11.36	11.37	9.78	11.32	10.68

Sun Life BlackRock Canadian Composite Equity Class

Sun Life BlackRock Canadian Composite Equity Class – Series AT5

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	14.41	13.00	15.87	15.70	15.00
Increase (decrease) from operations:					
Total revenue	–	0.39	0.37	0.41	0.49
Total expenses	(0.05)	(0.14)	(0.18)	(0.21)	(0.08)
Realized gains (losses) for the period	0.05	(0.02)	0.17	0.83	0.05
Unrealized gains (losses) for the period	0.02	2.29	(1.79)	0.29	0.99
Total increase (decrease) from operations⁽²⁾	0.02	2.52	(1.43)	1.32	1.45
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	(0.32)	(0.22)	(0.36)	(0.43)
From capital gains	(0.01)	(0.09)	(0.48)	(0.05)	–
Return of capital	(0.36)	(0.65)	(0.79)	(0.78)	(0.31)
Total annual distributions⁽³⁾	(0.37)	(1.06)	(1.49)	(1.19)	(0.74)
Net asset value, end of period	14.05	14.41	13.00	15.87	15.70

Sun Life BlackRock Canadian Composite Equity Class – Series F

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Net asset value, beginning of period	11.59	9.91	11.41	10.71	10.00
Increase (decrease) from operations:					
Total revenue	–	0.32	0.27	0.29	0.33
Total expenses	(0.02)	(0.05)	(0.07)	(0.08)	(0.03)
Realized gains (losses) for the period	0.04	(0.01)	0.12	0.58	0.03
Unrealized gains (losses) for the period	0.01	1.95	(1.32)	0.20	0.67
Total increase (decrease) from operations⁽²⁾	0.03	2.21	(1.00)	0.99	1.00
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	(0.26)	(0.17)	(0.26)	(0.29)
From capital gains	(0.01)	(0.07)	(0.35)	(0.03)	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.01)	(0.33)	(0.52)	(0.29)	(0.29)
Net asset value, end of period	11.61	11.59	9.91	11.41	10.71

Sun Life BlackRock Canadian Composite Equity Class – Series I

	2017 (\$)	2016 (\$)	2015 (\$)
Net asset value, beginning of period	10.09	8.58	10.00
Increase (decrease) from operations:			
Total revenue	–	0.47	0.59
Total expenses	–	–	–
Realized gains (losses) for the period	0.04	0.02	(0.02)
Unrealized gains (losses) for the period	(0.03)	1.32	(1.70)
Total increase (decrease) from operations⁽²⁾	0.01	1.81	(1.13)
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	–	(0.22)	(0.14)
From capital gains	(0.01)	(0.06)	–
Return of capital	–	–	–
Total annual distributions⁽³⁾	(0.01)	(0.28)	(0.14)
Net asset value, end of period	10.15	10.09	8.58

Sun Life BlackRock Canadian Composite Equity Class – Series O

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)
Net asset value, beginning of period	10.42	8.87	10.15	10.00
Increase (decrease) from operations:				
Total revenue	–	0.42	0.32	0.29
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	0.03	0.01	0.11	0.34
Unrealized gains (losses) for the period	0.20	1.32	(1.68)	(0.37)
Total increase (decrease) from operations⁽²⁾	0.22	1.74	(1.26)	0.25
Distributions:				
From income (excluding dividends)	–	–	–	–
From dividends	–	(0.23)	(0.15)	(0.23)
From capital gains	(0.01)	(0.06)	(0.31)	–
Return of capital	–	–	–	–
Total annual distributions⁽³⁾	(0.01)	(0.29)	(0.46)	(0.23)
Net asset value, end of period	10.47	10.42	8.87	10.15

⁽¹⁾ This information is derived from the Fund's audited annual financial statements and from the semi-annual unaudited financial statements for the current period ended June 30, 2017.

⁽²⁾ Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

⁽³⁾ Distributions were paid in cash, reinvested in additional shares of the Fund, or both.

Sun Life BlackRock Canadian Composite Equity Class

Ratios and Supplemental Data

Sun Life BlackRock Canadian Composite Equity Class – Series A

	2017	2016	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	1,014,787	805,230	212,630	339,656	190,034
Number of shares outstanding ⁽¹⁾	89,317	70,890	21,745	30,009	17,788
Management expense ratio (%) ⁽²⁾	1.21	1.22	1.24	1.24	1.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.21	1.22	1.24	1.24	1.23
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01	0.03
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	5.96	4.93	30.01	21.29	0.88
Net asset value per share (\$) ⁽¹⁾	11.36	11.37	9.78	11.32	10.68

Sun Life BlackRock Canadian Composite Equity Class – Series AT5

	2017	2016	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	12,962	12,943	10,794	11,922	10,976
Number of shares outstanding ⁽¹⁾	923	899	831	751	699
Management expense ratio (%) ⁽²⁾	1.28	1.23	1.22	1.24	1.25
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.28	1.23	1.22	1.24	1.25
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01	0.03
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	5.96	4.93	30.01	21.29	0.88
Net asset value per share (\$) ⁽¹⁾	14.05	14.41	13.00	15.87	15.70

Sun Life BlackRock Canadian Composite Equity Class – Series F

	2017	2016	2015	2014	2013
Total net asset value (\$) ⁽¹⁾	27,735	24,279	10,943	12,019	11,002
Number of shares outstanding ⁽¹⁾	2,388	2,097	1,104	1,053	1,027
Management expense ratio (%) ⁽²⁾	0.68	0.68	0.65	0.68	0.68
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.68	0.68	0.65	0.68	0.68
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01	0.03
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	5.96	4.93	30.01	21.29	0.88
Net asset value per share (\$) ⁽¹⁾	11.61	11.59	9.91	11.41	10.71

Sun Life BlackRock Canadian Composite Equity Class – Series I

	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	9,707,062	6,501,099	266,456
Number of shares outstanding ⁽¹⁾	956,311	644,484	31,059
Management expense ratio (%) ⁽²⁾	–	–	–
Management expense ratio before waivers or absorption (%) ⁽²⁾	–	–	–
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	5.96	4.93	30.01
Net asset value per share (\$) ⁽¹⁾	10.15	10.09	8.58

Sun Life BlackRock Canadian Composite Equity Class – Series O

	2017	2016	2015	2014
Total net asset value (\$) ⁽¹⁾	118,326	292,723	79,771	19,583
Number of shares outstanding ⁽¹⁾	11,300	28,113	8,998	1,930
Management expense ratio (%) ⁽²⁾	0.12	0.11	0.11	0.12
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.12	0.11	0.11	0.12
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	5.96	4.93	30.01	21.29
Net asset value per share (\$) ⁽¹⁾	10.47	10.42	8.87	10.15

⁽¹⁾ This information is provided as at December 31 of the period shown, except for the most recent semi-annual period, which is at June 30, 2017.

⁽²⁾ Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) including the Fund's allocated percentage of Fund-on-Funds' expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.

⁽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.

Sun Life BlackRock Canadian Composite Equity Class

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 Shares	1.00	42	58
Series AT5 Shares	1.00	44	56
Series F Shares	0.50	–	100
Series I Shares	–	–	–
Series O Shares ²	0.50	–	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.

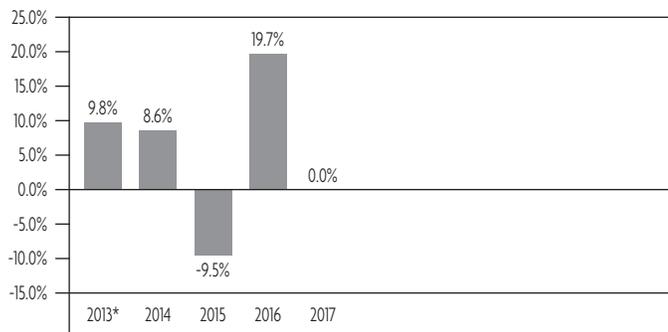
PAST PERFORMANCE

The indicated rates of return are the historical annualized and annual compounded total returns including changes in share value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder 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.

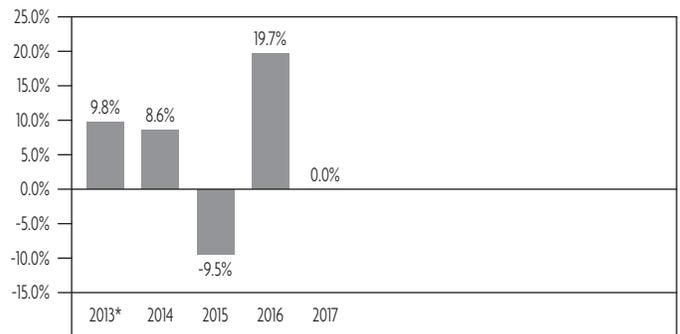
Year-by-Year Returns

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 financial year.

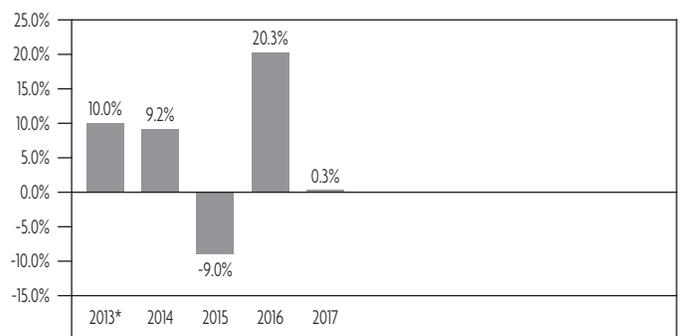
Series A Shares – Annual return for the period ended December 31 and the six month period ended June 30, 2017



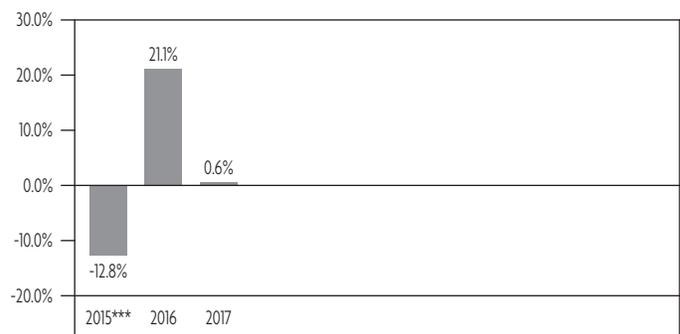
Series AT5 Shares – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Series F Shares – Annual return for the period ended December 31 and the six month period ended June 30, 2017

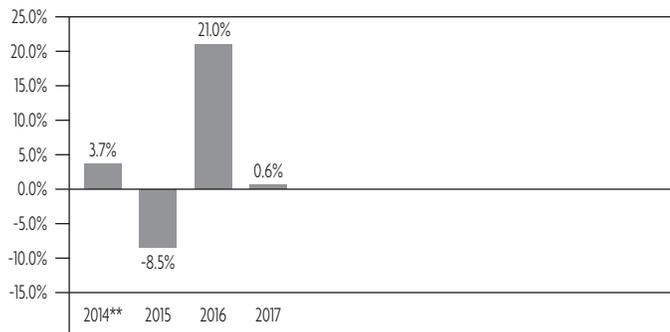


Series I Shares – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Sun Life BlackRock Canadian Composite Equity Class

Series O Shares – Annual return for the period ended December 31 and the six month period ended June 30, 2017



* for the period of August 1, 2013 to December 31, 2013

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

*** for the period of May 1, 2015 to December 31, 2015

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at June 30, 2017 (unaudited)

Top 25 Investments⁽³⁾

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Royal Bank of Canada	6.6
2 The Toronto-Dominion Bank	5.8
3 The Bank of Nova Scotia	4.5
4 Enbridge Inc.	4.1
5 Canadian National Railway Co.	3.8
6 Suncor Energy Inc.	3.0
7 Bank of Montreal	3.0
8 TransCanada Corporation	2.6
9 BCE Inc.	2.5
10 Manulife Financial Corp.	2.3
11 Canadian Imperial Bank of Commerce	2.2
12 Brookfield Asset Management Inc., Class A	2.1
13 Canadian Natural Resources Ltd.	1.9
14 Canadian Pacific Railway Ltd.	1.5
15 Sun Life Financial Inc.	1.4
16 Cash	1.3
17 TELUS Corp.	1.3
18 Alimentation Couche-Tard Inc., Class B	1.3
19 Barrick Gold Corp.	1.2
20 Waste Connections Inc.	1.1
21 Rogers Communications Inc., Class B	1.1
22 Magna International Inc.	1.0
23 Restaurant Brands International Inc.	0.9
24 Fortis Inc.	0.9
25 National Bank of Canada	0.9
	58.3
Total Net Asset Value (000's)	\$ 10,881

Sector Allocation⁽³⁾

	Percentage of Net Asset Value of the Fund (%)
Financials	34.4
Energy	19.3
Materials	11.5
Industrials	9.4
Consumer Discretionary	5.2
Telecommunication Services	4.8
Consumer Staples	3.8
Utilities	3.5
Information Technology	3.3
Real Estate	2.9
Cash and Cash Equivalents ⁽²⁾	1.3
Health Care	0.6
	100.0

⁽¹⁾ All information is as at June 30, 2017. 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.

⁽³⁾ The Fund invests substantially all of its assets directly in the underlying Trust Fund. The summary of investment portfolio for the Fund presents the investments as a percentage of the net asset value of the underlying Trust Fund.

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