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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the period ended June 30, 2017

Sun Life MFS International Growth Fund



# Sun Life MFS International Growth Fund

*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](mailto: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](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

### Results of Operations

During the period, the net asset value of the Sun Life MFS International Growth Fund (the "Fund") increased from \$299.5 million to \$585.6 million. The increase in net asset value was due to positive net sales, as well as positive performance during the period.

During the period, the Fund returned 14.6% for Series A units. This result surpassed the Fund's benchmark, the MSCI EAFE C\$, which returned 10.2%. 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.

Favourable stock selection in both the Materials and Financials sectors benefited relative performance. Within the Materials sector the Fund's overweight holding of paint and specialty chemicals manufacturer Akzo Nobel (Netherlands) and avoiding a poor-performing mining giant, BHP Billiton (United Kingdom) aided relative performance. The Fund's out-of-benchmark holding of banking firm HDFC Bank (India) and an overweight position in shares of insurance company AIA Group (Hong Kong) within the Financials sector strengthened relative results.

In other sectors, the Fund's overweight positions in apparel and accessories retailer Kering (France), world's largest luxury goods company LVMH (France), online and mobile commerce company Alibaba Group Holding (China), tourism and travel Information Technology solutions provider Amadeus IT Holding (Spain) and diversified industrial manufacturer Rolls-Royce (United Kingdom) benefited relative results. Additionally the Fund's position in shares of precision instrument manufacturer Mettler-Toledo International (United States) supported relative performance.

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, was a contributor to relative performance. All of MFS Institutional Advisors, Inc.'s (the "sub-advisor") investment decisions are driven by the fundamentals of each individual opportunity

and as such, it is common for the portfolios to have different currency exposure than the benchmark.

Stock selection in the Information Technology and Industrial sectors detracted value from relative performance. Within the Information Technology sector, not holding positions in shares of internet gaming company Tencent Holdings (China) and microchip and electronics manufacturer Samsung Electronics (South Korea) and the Fund's out-of-benchmark exposure to management consulting firm Accenture (United States) diminished relative performance. An overweight to supply chain support services and information management solutions Brambles (Australia) within the Industrial sector also detracted from relative results.

Elsewhere, the Fund's holding of integrated energy company Suncor Energy (Canada) held back relative performance as the stock underperformed the benchmark during the reporting period. Not owning shares of strong-performing communications company WPP Group (United Kingdom) hurt relative performance. Additionally, the Fund's overweight positions in shares of household fixture manufacturer Toto (Japan) and international betting and gaming company Paddy Power (Ireland) diminished relative performance.

The Fund's cash and/or cash equivalents position during the period was also a detractor from relative performance. 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 diminished performance versus the benchmark, which has no cash position.

### Recent Developments

For the first time in many years, markets are experiencing synchronized global economic growth. The rebound in Emerging Markets ("EM") economies has been more pronounced (despite the deceleration in Chinese growth at the end of the period), helped by some larger economies (i.e., Brazil and Russia) emerging from recessions. At the same time, Developed Market ("DM") economies continued to grow at or above potential. Market confidence increased in the U.S. after the presidential election in November in anticipation of lower taxes, a lighter regulatory burden and increased infrastructure spending, boosting U.S. equities and corporate

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bond performance. While global inflation faded during the period as commodity prices, particularly oil, leveled off or declined, global growth remained relatively resilient. As a result, there have been more tightening signals and actions by DM central banks. The U.S. Federal Reserve increased interest rates by 0.25% at the end of the period, bringing the total number of 0.25% hikes in the Federal Funds rate to four since December 2015. The European Central Bank (“ECB”) appears set on announcing Quantitative Easing tapering in the fall of 2017. The Bank of England may also begin reducing monetary accommodation. Markets have been comforted (along with central banks) by the decline in fears of a populist wave in Europe after establishment candidates won the Dutch and French elections. European growth has reflected the more constructive political economic backdrop.

The headwind of a stronger U.S. dollar faded during the period while U.S. consumer spending held up well amid a modest increase in real wages and relatively low gasoline prices. Demand for automobiles tapered off from near-record territory at the end of the period, while the housing market continued its recovery amid relatively low mortgage rates and tight inventories. Global trade, which was sluggish early in the period, showed signs of improvement, a positive indicator of global economic activity and prospects. Receding fears that President Trump would follow through on various campaign threats and promises that were judged to be detrimental to EM, helped EM resume their upward trajectory, powered by strong inflows throughout the first half of 2017.

Effective February 5, 2016, all Series E and EF units were re-designated to Series A units, under the Front End Sales Charge option, and Series F units, 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, 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 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 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, D, 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 D units was November 1, 2012, the date of creation for Series T5 and T8 units was September 1, 2011, and the date of creation for Series O units was April 1, 2014.

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.

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Series D units are only available for purchase by existing investors who held Class D units of a fund offered by the Manager (or by McLean Budden Limited) on March 30, 2012 (including funds that may have terminated due to mergers that were effective after that date). 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 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 June 30, 2017.

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

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

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net asset value, beginning of period	13.51	14.20	12.02	12.28	10.48	9.30
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.32	0.28	0.31	0.27	0.21
Total expenses	(1.00)	(1.08)	(1.18)	(1.51)	(0.58)	(0.91)
Realized gains (losses) for the period	0.11	0.29	0.31	0.48	0.56	(0.01)
Unrealized gains (losses) for the period	2.55	0.21	2.59	0.77	1.75	2.00
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.91</b>	<b>(0.26)</b>	<b>2.00</b>	<b>0.05</b>	<b>2.00</b>	<b>1.29</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	–	–	(0.04)	(0.14)	(0.05)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.21)	(0.07)	(0.33)	(0.03)	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>(0.21)</b>	<b>(0.07)</b>	<b>(0.37)</b>	<b>(0.17)</b>	<b>(0.05)</b>
<b>Net asset value, end of period</b>	<b>15.48</b>	<b>13.51</b>	<b>14.20</b>	<b>12.02</b>	<b>12.28</b>	<b>10.45</b>

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

	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net asset value, beginning of period	17.01	18.78	16.57	17.28	15.24	14.19
<b>Increase (decrease) from operations:</b>						
Total revenue	0.30	0.45	0.41	0.43	0.38	0.33
Total expenses	(1.23)	(1.41)	(1.62)	(2.10)	(0.84)	(1.36)
Realized gains (losses) for the period	0.14	0.36	0.39	0.66	0.86	(0.08)
Unrealized gains (losses) for the period	3.24	0.02	2.82	1.14	2.42	2.92
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.45</b>	<b>(0.58)</b>	<b>2.00</b>	<b>0.13</b>	<b>2.82</b>	<b>1.81</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.43)	–	–	(0.41)	(0.72)	(0.78)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.26)	(0.09)	(0.07)	(0.04)	–
Return of capital	–	(0.86)	(0.76)	(0.38)	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.43)</b>	<b>(1.12)</b>	<b>(0.85)</b>	<b>(0.86)</b>	<b>(0.76)</b>	<b>(0.78)</b>
<b>Net asset value, end of period</b>	<b>19.05</b>	<b>17.01</b>	<b>18.78</b>	<b>16.57</b>	<b>17.28</b>	<b>15.20</b>

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## Sun Life MFS International Growth Fund – Series T8

	2017	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.57	16.58	15.02	16.17	14.67	14.06
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.43	0.34	0.35	0.36	0.32
Total expenses	(1.09)	(1.23)	(1.45)	(1.92)	(0.79)	(1.33)
Realized gains (losses) for the period	0.12	0.29	0.38	0.97	0.77	(0.08)
Unrealized gains (losses) for the period	2.75	(0.05)	3.50	(0.02)	2.42	2.86
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.03</b>	<b>(0.56)</b>	<b>2.77</b>	<b>(0.62)</b>	<b>2.76</b>	<b>1.77</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.58)	–	–	(0.50)	(1.13)	(1.19)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.22)	(0.10)	(0.11)	(0.04)	–
Return of capital	–	(1.22)	(1.10)	(0.69)	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.58)</b>	<b>(1.44)</b>	<b>(1.20)</b>	<b>(1.30)</b>	<b>(1.17)</b>	<b>(1.19)</b>
<b>Net asset value, end of period</b>	<b>16.08</b>	<b>14.57</b>	<b>16.58</b>	<b>15.02</b>	<b>16.17</b>	<b>14.64</b>

## Sun Life MFS International Growth Fund – Series D

	2017	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.70	14.34	12.04	12.26	10.37	10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.32	0.29	0.31	0.27	0.02
Total expenses	(0.68)	(0.71)	(0.78)	(0.99)	(0.38)	(0.10)
Realized gains (losses) for the period	0.12	0.29	0.33	0.48	0.62	0.06
Unrealized gains (losses) for the period	2.37	(0.29)	2.58	0.41	1.57	0.89
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.06</b>	<b>(0.39)</b>	<b>2.42</b>	<b>0.21</b>	<b>2.08</b>	<b>0.87</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	(0.05)	–	(0.10)	(0.14)	(0.05)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.22)	(0.07)	(0.34)	(0.03)	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>(0.27)</b>	<b>(0.07)</b>	<b>(0.44)</b>	<b>(0.17)</b>	<b>(0.05)</b>
<b>Net asset value, end of period</b>	<b>15.77</b>	<b>13.70</b>	<b>14.34</b>	<b>12.04</b>	<b>12.26</b>	<b>10.34</b>

## Sun Life MFS International Growth Fund – Series F

	2017	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.31	14.98	12.58	12.70	10.72	9.40
<b>Increase (decrease) from operations:</b>						
Total revenue	0.26	0.34	0.29	0.35	0.27	0.14
Total expenses	(0.58)	(0.62)	(0.69)	(0.87)	(0.33)	(0.50)
Realized gains (losses) for the period	0.12	0.30	0.32	0.65	0.63	0.22
Unrealized gains (losses) for the period	2.36	(0.31)	2.42	(0.08)	1.63	4.30
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.16</b>	<b>(0.29)</b>	<b>2.34</b>	<b>0.05</b>	<b>2.20</b>	<b>4.16</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	(0.10)	(0.04)	(0.03)	(0.15)	(0.06)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.23)	(0.08)	(0.35)	(0.03)	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>(0.33)</b>	<b>(0.12)</b>	<b>(0.38)</b>	<b>(0.18)</b>	<b>(0.06)</b>
<b>Net asset value, end of period</b>	<b>16.48</b>	<b>14.31</b>	<b>14.98</b>	<b>12.58</b>	<b>12.70</b>	<b>10.69</b>

## Sun Life MFS International Growth Fund – Series I

	2017	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.81	15.51	12.97	13.22	11.02	9.55
<b>Increase (decrease) from operations:</b>						
Total revenue	0.30	0.35	0.29	0.34	0.29	0.18
Total expenses	(0.03)	(0.03)	(0.03)	(0.04)	(0.01)	(0.02)
Realized gains (losses) for the period	0.14	0.32	0.33	0.63	0.64	0.10
Unrealized gains (losses) for the period	1.92	(0.69)	2.02	(0.57)	1.56	1.66
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.33</b>	<b>(0.05)</b>	<b>2.61</b>	<b>0.36</b>	<b>2.48</b>	<b>1.92</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.05)	(0.29)	(0.18)	(0.32)	(0.17)	(0.06)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.24)	(0.08)	(0.37)	(0.03)	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.05)</b>	<b>(0.53)</b>	<b>(0.26)</b>	<b>(0.69)</b>	<b>(0.20)</b>	<b>(0.06)</b>
<b>Net asset value, end of period</b>	<b>17.12</b>	<b>14.81</b>	<b>15.51</b>	<b>12.97</b>	<b>13.22</b>	<b>11.00</b>

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## Sun Life MFS International Growth Fund – Series O

	2017	2016	2015	2014
	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	10.88	11.40	9.52	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.20	0.26	0.25	0.06
Total expenses	(0.08)	(0.08)	(0.08)	(0.08)
Realized gains (losses) for the period	0.09	0.24	0.28	(0.26)
Unrealized gains (losses) for the period	1.51	(0.37)	1.24	1.08
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.72</b>	<b>0.05</b>	<b>1.69</b>	<b>0.80</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.03)	(0.19)	(0.10)	(0.23)
From dividends	–	–	–	–
From capital gains	–	(0.18)	(0.06)	(0.27)
Return of capital	–	(0.01)	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.03)</b>	<b>(0.38)</b>	<b>(0.16)</b>	<b>(0.50)</b>
<b>Net asset value, end of period</b>	<b>12.57</b>	<b>10.88</b>	<b>11.40</b>	<b>9.52</b>

<sup>(1)</sup> 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.

<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> Comparatives Prior to 2013 are prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Figures subsequent to 2013 are prepared in accordance with International Financial Reporting Standards ("IFRS").

## Ratios and Supplemental Data<sup>(6)</sup>

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

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	7,440,623	6,155,784	4,667,243	2,749,496	1,793,938	698,118
Number of units outstanding <sup>(1)</sup>	480,682	455,716	328,569	228,713	146,032	66,620
Management expense ratio (%) <sup>(2)</sup>	2.44	2.45	2.46	2.46	2.47	2.49
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.44	2.45	2.46	5.78	6.79	32.33
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	15.48	13.51	14.20	12.02	12.28	10.48

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

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	45,054	42,031	56,733	16,420	14,799	11,122
Number of units outstanding <sup>(1)</sup>	2,365	2,472	3,021	991	856	730
Management expense ratio (%) <sup>(2)</sup>	2.40	2.48	2.49	2.49	2.52	2.51
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.40	2.48	2.49	5.85	6.92	32.57
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	19.05	17.01	18.78	16.57	17.28	15.24

## Sun Life MFS International Growth Fund – Series T8

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	23,764	25,696	71,829	38,917	16,441	11,021
Number of units outstanding <sup>(1)</sup>	1,478	1,764	4,331	2,591	1,017	751
Management expense ratio (%) <sup>(2)</sup>	2.50	2.49	2.49	2.48	2.51	2.51
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.50	2.49	2.49	5.84	6.90	32.57
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	16.08	14.57	16.58	15.02	16.17	14.67

## Sun Life MFS International Growth Fund – Series D

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	3,289,525	2,865,022	3,087,307	2,852,457	2,979,455	3,224,427
Number of units outstanding <sup>(1)</sup>	208,614	209,076	215,257	236,968	243,112	310,947
Management expense ratio (%) <sup>(2)</sup>	1.61	1.60	1.60	1.60	1.64	1.61
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.61	1.60	1.60	3.77	4.49	20.97
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	15.77	13.70	14.34	12.04	12.26	10.37

## Sun Life MFS International Growth Fund – Series F

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	2,826,951	2,469,302	2,344,952	1,262,026	2,041,949	2,144,823
Number of units outstanding <sup>(1)</sup>	171,491	172,615	156,496	100,360	160,833	200,116
Management expense ratio (%) <sup>(2)</sup>	1.32	1.32	1.35	1.36	1.39	1.36
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.32	1.32	1.35	3.19	3.81	17.69
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	16.48	14.31	14.98	12.58	12.70	10.72

## Sun Life MFS International Growth Fund – Series I

	2017	2016	2015	2014	2013	2012
Total net asset value (\$) <sup>(1)</sup>	570,868,597	287,094,499	251,662,224	104,906,450	76,645,862	48,532,510
Number of units outstanding <sup>(1)</sup>	33,354,058	19,386,197	16,223,099	8,085,954	5,799,819	4,403,160
Management expense ratio (%) <sup>(2)</sup>	0.06	0.06	0.06	0.06	0.08	0.06
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.06	0.06	0.06	0.14	0.23	0.76
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33	0.25	0.43
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67	58.79	63.55
Net asset value per unit (\$) <sup>(1)</sup>	17.12	14.81	15.51	12.97	13.22	11.02

## Sun Life MFS International Growth Fund – Series O

	2017	2016	2015	2014
Total net asset value (\$) <sup>(1)</sup>	1,070,014	873,863	689,209	1,154,906
Number of units outstanding <sup>(1)</sup>	85,108	80,303	60,464	121,312
Management expense ratio (%) <sup>(2)</sup>	0.23	0.22	0.21	0.21
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.23	0.22	0.21	0.50
Trading expense ratio (%) <sup>(3)</sup>	0.21	0.11	0.21	0.33
Portfolio turnover rate (%) <sup>(4)(5)</sup>	6.63	33.21	23.60	105.67
Net asset value per unit (\$) <sup>(1)</sup>	12.57	10.88	11.40	9.52

<sup>(1)</sup> 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.

# Sun Life MFS International Growth Fund

- <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> Comparatives prior to 2013 are prepared in accordance with Canadian GAAP. Figures subsequent to 2013 are prepared in accordance with IFRS.

## 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 (%) <sup>1</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	2.00	38	62
Series T5 Units	2.00	33	67
Series T8 Units	2.00	42	58
Series D Units	1.25	13	87
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

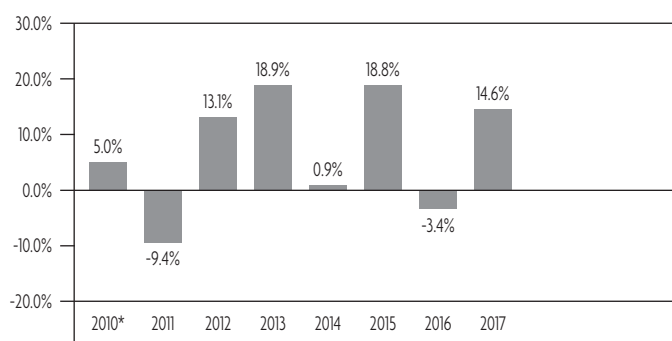
The indicated rates of return are the historical annualized and annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that

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.

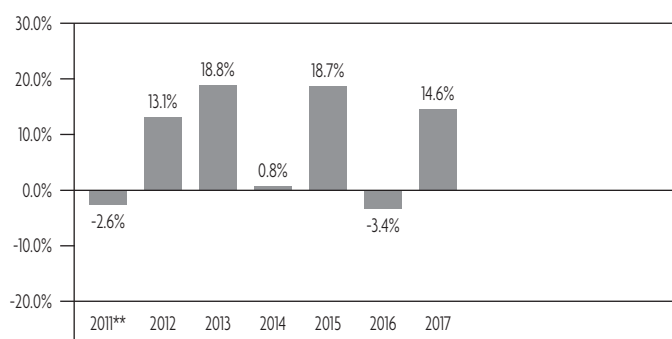
## Year-by-Year Returns

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.

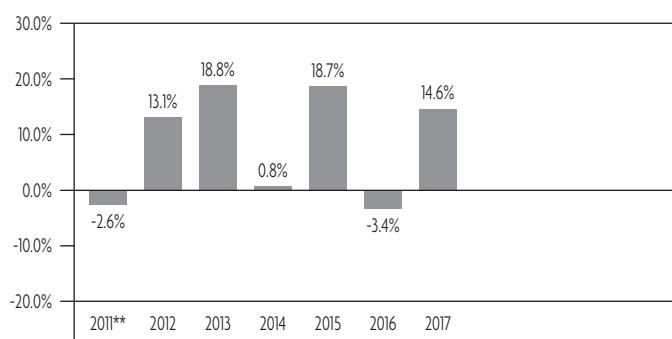
Series A Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



Series T5 Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



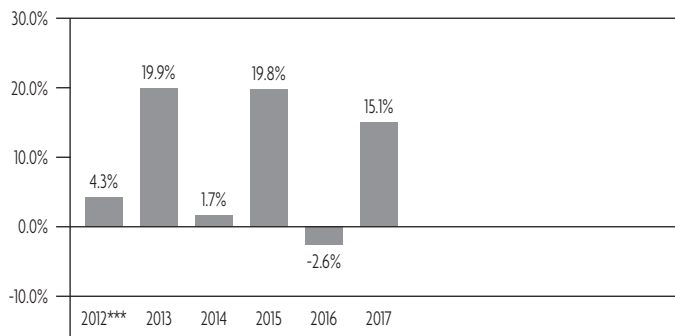
Series T8 Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



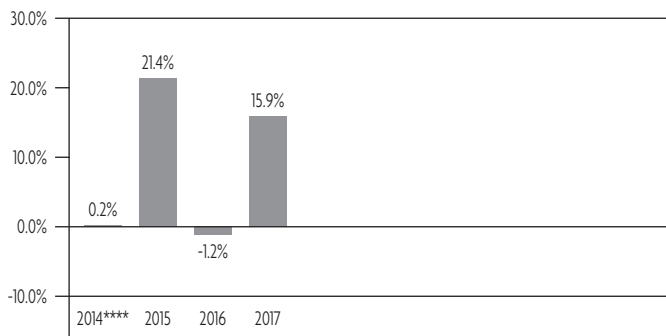


# Sun Life MFS International Growth Fund

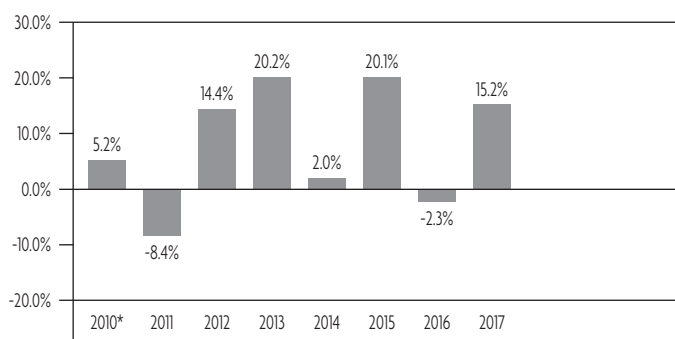
Series D Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



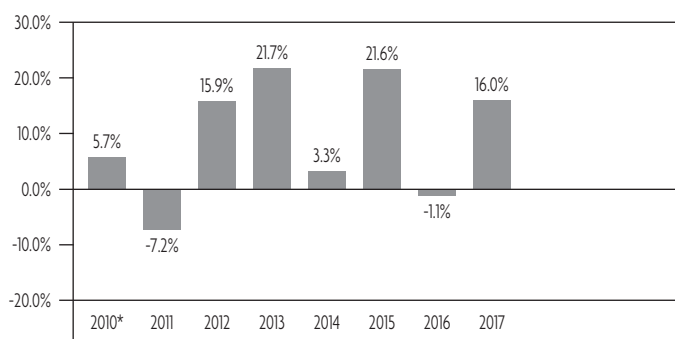
Series O Units – Annual return for the period ended December 31 and the six month period ended June 30, 2017



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



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



\* 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 of November 1, 2012 to December 31 2012.

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

## SUMMARY OF INVESTMENT PORTFOLIO<sup>(1)</sup>

as at June 30, 2017 (unaudited)

### Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Nestle SA	4.3
2 Roche Holding AG	3.6
3 AIA Group Ltd.	2.9
4 Taiwan Semiconductor Manufacturing Co., Ltd.	2.8
5 SAP AG	2.6
6 Pernod Ricard SA	2.5
7 Novartis AG	2.5
8 Alibaba Group Holding Ltd.	2.5
9 Accenture PLC	2.5
10 LVMH Moet Hennessy Louis Vuitton SA	2.4
11 L'Oreal SA	2.3
12 HDFC Bank Ltd.	2.3
13 Reckitt Benckiser Group PLC	2.3
14 Bayer AG	2.1
15 Danone SA	2.0
16 Kering	1.8
17 Amadeus IT Holding SA	1.8
18 Schneider Electric SA	1.7
19 Nice Systems Ltd.	1.7
20 Diageo PLC	1.6
21 Akzo Nobel NV	1.5
22 Mettler-Toledo International Inc.	1.5
23 Fresenius Medical Care AG & Co., KGaA	1.5
24 Linde AG	1.4
25 Air Liquide SA	1.4

55.5

**Total Net Asset Value (000's)** \$ **585,565**

# Sun Life MFS International Growth Fund

## Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Consumer Staples	19.7
Information Technology	19.4
Health Care	16.7
Financials	11.9
Consumer Discretionary	10.5
Industrials	9.7
Materials	6.8
Cash and Cash Equivalents <sup>(2)</sup>	2.5
Energy	1.8
Telecommunication Services	1.0
	<b>100.0</b>

## Geographic Allocation

	Percentage of Net Asset Value of the Fund (%)
Europe (excluding United Kingdom)	61.1
United Kingdom	11.9
Japan	8.9
Other	6.2
Cayman Islands	3.7
Taiwan	3.2
Israel	1.9
Australia	1.1
Mexico	1.0
Singapore	1.0
	<b>100.0</b>

<sup>(1)</sup> 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](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.*

## SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

### Sun Life MFS International Growth 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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