
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2016

Sun Life MFS Dividend Income Fund



Sun Life MFS Dividend Income 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 Dividend Income Fund (the "Fund") is to aim for income generation and capital appreciation by investing primarily in dividend or income paying securities, including royalty trust units, real-estate investment trust units and limited partnership units and other exchange-listed participating securities. The Fund may also invest in securities of other mutual funds.

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, MFSIM normally invests in equity and fixed income securities that generate some form of income. The Fund may invest in dividend or income paying securities including preferred shares, securities convertible into stocks, real estate investment trust units, royalty trust units, limited partnership units and other exchange-listed participating securities, or warrants on dividend and income paying securities. The Fund may invest in companies of any size but may tend to place a focus on companies with large and medium capitalizations with issuers located primarily in Canada. Using a bottom-up approach to buying and selling investments for the Fund – investments are selected based on fundamental and quantitative analysis of individual issuers and their potential in light of their current financial condition, market, economic, political and regulatory conditions and considers factors such as analysis of an issuer's earnings, cash flows, competitive position and management ability.

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 \$20.5 million to \$30.2 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 16.2% for Series A units. This result lagged the Fund's benchmark, the S&P/TSX Capped Composite, which returned 21.1%. 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.

Stock selection in the Energy sector detracted from performance relative to the S&P/TSX Capped Composite Index. Most notably, the Fund's overweight position in independent petroleum products company Marathon Petroleum and not owning shares of natural gas company EnCana weakened relative returns.

A combination of an underweight position and stock selection in the Materials sector also hindered relative returns. Within this sector, the timing of Fund's ownership of gold producer Barrick Gold and exploration company Tahoe Resources, and not owning shares of diversified mining company Teck Resources hindered relative performance.

Weak stock selection in the Telecommunication Services sector dampened relative returns led by the Fund's position in Telecommunications networking firm Telecom Italia (Italy).

In other sectors, the Fund's holdings of energy related services provider ENGIE (France), investment management and banking firm UBS (Switzerland), and an overweight position in automotive systems manufacturer Magna International also detracted from relative performance.

During the 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.

The Fund's cash and/or cash equivalents position during the period detracted from relative performance. Under normal market conditions, the Fund strives to be fully invested. In the period when markets rose, as measured by the Fund's benchmark, holding cash hurt performance versus the benchmark, which has no cash position.

An underweight position in the Healthcare sector contributed to relative performance led by an underweight

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allocation to the pharmaceutical company Valeant Pharmaceuticals International.

Strong stock selection in both the Information Technology and Industrials sectors boosted relative results. Within the Information Technology sector there were no individual stocks that were among the Fund's largest relative contributors during the period. Within the Industrials sector, overweight positions in leading distributor of Caterpillar products Finning International and integrated municipal solid waste services company Waste Connections aided relative returns.

Stocks in other sectors that helped relative performance included overweight positions in precious metals exploration company Agnico Eagle Mines and oil and gas producers Enerplus and Vermillion Energy. Additionally, the Fund's holdings of steel products manufacturer Ternium and mining giant BHP Billiton (United Kingdom), and underweight positions in asset management company Brookfield Asset Management and communication services provider BCE also supported relative results.

Recent Developments

The market environment, as observed in 2016, would qualify as constructive, given that most asset classes ended the year in a positive territory. 2016 presented major intra-year swings when it comes to market and asset class leadership. In the early part of the year, U.S. equities posted the worst start in history, while on the other side of the spectrum long-dated U.S. Treasury bonds enjoyed one of the best starts to a year. The macro fears stemming from weak U.S. economic reports, confusion over the magnitude of the potential Chinese slowdown, along with prospects of four interest rate hikes by the U.S. Federal Reserve painted a very grim picture. Near the end of the year and the inflationary trend is in full force, propelling assets such as equities, corporate bonds and commodities to attention. The post-U.S. election backdrop took on a decisive risk-on tone as investors have embraced action around lower taxes, fiscal stimulus and de-regulation while seemingly downplaying fears of protectionism. This positive sentiment, alongside improved macroeconomic momentum in most major economies has led to modest upgrades to growth estimates and reduced recession risks.

Contrary to this newly found optimism, MFS Investment Management Canada Limited (the "sub-advisor") still finds the global macro backdrop as one of modest growth, low inflation and excess debt, with global monetary policy still extremely stimulative. More specifically, the sub-advisor does not expect the commodity rebound to extend much further and macro trends suggest the Canadian credit cycle is in its late stages.

As for the path forward in case of the Canadian market, while monetary policy remains very supportive, the precarious

consumer and a heavy provincial debt load combined with an export profile which is less leveraged to the U.S. than in previous economic expansions, all weigh on the domestic earnings and valuation outlook. The combination of slower growth and relatively elevated debt levels, which now seems more structural than cyclical, is keeping the sub-advisor's outlook tempered, in spite of what it looks like a cyclical upturn based on improving leading economic indicators. While the sub-advisor might be witnessing slight improvement in the short-term environment, the sub-advisor is very carefully observing potential risks over the medium and long-term, namely a maturing bull market and business cycle as well as limited scope for multiple expansion as boost to valuations from accommodative monetary policy reaches a limit.

Effective February 5, 2016, all Series E units were re-designated to Series A units, under the Front End Sales Charge option, 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 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,

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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, 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 March 27, 2006, the date of creation for Series F units was February 13, 2008, and the date of creation for I Series 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 and Class C units were reclassified as Series I units. The date of creation for Series 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 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, 2016.

The Fund's Net Asset Value per Unit (\$) ⁽¹⁾⁽⁴⁾

Sun Life MFS Dividend Income Fund – Series A

	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.01	12.31	11.47	10.13	10.25
Increase (decrease) from operations:					
Total revenue	0.41	0.44	0.44	0.40	0.43
Total expenses	(0.27)	(0.29)	(0.29)	(0.24)	(0.22)
Realized gains (losses) for the period	(0.13)	(0.07)	0.50	0.49	0.30
Unrealized gains (losses) for the period	1.93	(1.31)	0.07	1.14	0.09
Total increase (decrease) from operations⁽²⁾	1.94	(1.23)	0.72	1.79	0.60
Distributions:					
From income (excluding dividends)	–	–	–	–	(0.04)
From dividends	(0.15)	(0.13)	(0.14)	(0.23)	(0.28)
From capital gains	–	(0.10)	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.15)	(0.23)	(0.14)	(0.23)	(0.32)
Net asset value, end of period	12.64	11.01	12.31	11.47	10.12

Sun Life MFS Dividend Income Fund

Sun Life MFS Dividend Income Fund – Series D

	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.13	12.44	11.55	10.16	10.24
Increase (decrease) from operations:					
Total revenue	0.41	0.44	0.45	0.40	0.43
Total expenses	(0.21)	(0.22)	(0.22)	(0.18)	(0.16)
Realized gains (losses) for the period	(0.18)	(0.02)	0.50	0.47	0.62
Unrealized gains (losses) for the period	1.69	(1.14)	0.33	0.84	(0.65)
Total increase (decrease) from operations⁽²⁾	1.71	(0.94)	1.06	1.53	0.24
Distributions:					
From income (excluding dividends)	–	–	–	–	(0.04)
From dividends	(0.17)	(0.18)	(0.17)	(0.24)	(0.31)
From capital gains	–	(0.11)	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.17)	(0.29)	(0.17)	(0.24)	(0.35)
Net asset value, end of period	12.82	11.13	12.44	11.55	10.15

Sun Life MFS Dividend Income Fund – Series F

	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.13	12.40	11.51	10.12	10.23
Increase (decrease) from operations:					
Total revenue	0.41	0.43	0.45	0.40	0.45
Total expenses	(0.14)	(0.15)	(0.15)	(0.12)	(0.11)
Realized gains (losses) for the period	(0.16)	0.08	0.47	0.45	0.04
Unrealized gains (losses) for the period	1.83	(0.78)	0.54	0.85	1.07
Total increase (decrease) from operations⁽²⁾	1.94	(0.42)	1.31	1.58	1.45
Distributions:					
From income (excluding dividends)	–	–	–	–	(0.05)
From dividends	(0.23)	(0.22)	(0.23)	(0.30)	(0.36)
From capital gains	–	(0.11)	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.23)	(0.33)	(0.23)	(0.30)	(0.41)
Net asset value, end of period	12.82	11.13	12.40	11.51	10.11

Sun Life MFS Dividend Income Fund – Series I

	2016	2015	2014	2013	2012
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.18	12.50	11.61	10.22	10.31
Increase (decrease) from operations:					
Total revenue	0.41	0.43	0.43	0.38	0.43
Total expenses	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)
Realized gains (losses) for the period	(0.09)	(0.26)	0.52	0.44	0.57
Unrealized gains (losses) for the period	1.87	(1.24)	(0.29)	0.58	(1.49)
Total increase (decrease) from operations⁽²⁾	2.17	(1.09)	0.64	1.39	(0.50)
Distributions:					
From income (excluding dividends)	–	–	–	–	(0.06)
From dividends	(0.34)	(0.39)	(0.37)	(0.42)	(0.44)
From capital gains	–	(0.11)	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.34)	(0.50)	(0.37)	(0.42)	(0.50)
Net asset value, end of period	12.89	11.18	12.50	11.61	10.21

Sun Life MFS Dividend Income Fund – Series O

	2016	2015	2014
	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.18	10.26	10.00
Increase (decrease) from operations:			
Total revenue	0.34	0.31	0.24
Total expenses	(0.03)	(0.03)	(0.02)
Realized gains (losses) for the period	(0.10)	(0.59)	0.33
Unrealized gains (losses) for the period	1.60	(0.91)	(0.58)
Total increase (decrease) from operations⁽²⁾	1.81	(1.22)	(0.03)
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	(0.26)	(0.30)	(0.22)
From capital gains	–	(0.09)	–
Return of capital	–	–	–
Total annual distributions⁽³⁾	(0.26)	(0.39)	(0.22)
Net asset value, end of period	10.58	9.18	10.26

⁽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⁾ 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").

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Ratios and Supplemental Data⁽⁶⁾

Sun Life MFS Dividend Income Fund – Series A

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	14,075,861	8,598,306	8,115,016	3,441,895	1,246,808
Number of units outstanding ⁽¹⁾	1,114,024	780,691	659,094	300,164	123,054
Management expense ratio (%) ⁽²⁾	2.18	2.17	2.18	2.19	2.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.18	2.17	3.83	4.42	3.62
Trading expense ratio (%) ⁽³⁾	0.07	0.06	0.06	0.09	0.19
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	47.58	33.26	42.41	53.26	120.22
Net asset value per unit (\$) ⁽¹⁾	12.64	11.01	12.31	11.47	10.13

Sun Life MFS Dividend Income Fund – Series D

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	2,040,155	2,412,829	3,206,437	3,196,267	4,159,748
Number of units outstanding ⁽¹⁾	159,088	216,705	257,819	276,818	409,557
Management expense ratio (%) ⁽²⁾	1.62	1.63	1.62	1.68	1.58
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.62	1.63	2.86	3.39	2.57
Trading expense ratio (%) ⁽³⁾	0.07	0.06	0.06	0.09	0.19
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	47.58	33.26	42.41	53.26	120.22
Net asset value per unit (\$) ⁽¹⁾	12.82	11.13	12.44	11.55	10.16

Sun Life MFS Dividend Income Fund – Series F

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	1,299,007	1,149,369	2,765,490	3,343,460	4,579,574
Number of units outstanding ⁽¹⁾	101,331	103,314	222,976	290,470	452,393
Management expense ratio (%) ⁽²⁾	1.07	1.07	1.06	1.11	1.10
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.07	1.07	1.87	2.23	1.79
Trading expense ratio (%) ⁽³⁾	0.07	0.06	0.06	0.09	0.19
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	47.58	33.26	42.41	53.26	120.22
Net asset value per unit (\$) ⁽¹⁾	12.82	11.13	12.40	11.51	10.12

Sun Life MFS Dividend Income Fund – Series I

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	10,800,877	5,217,538	2,908,502	1,100,449	3,773,306
Number of units outstanding ⁽¹⁾	837,699	466,661	232,657	94,794	369,190
Management expense ratio (%) ⁽²⁾	0.06	0.06	0.06	0.13	0.09
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.06	0.10	0.26	0.14
Trading expense ratio (%) ⁽³⁾	0.07	0.06	0.06	0.09	0.19
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	47.58	33.26	42.41	53.26	120.22
Net asset value per unit (\$) ⁽¹⁾	12.89	11.18	12.50	11.61	10.22

Sun Life MFS Dividend Income Fund – Series O

	2016	2015	2014
Total net asset value (\$) ⁽¹⁾	1,973,409	1,122,111	144,226
Number of units outstanding ⁽¹⁾	186,539	122,289	14,054
Management expense ratio (%) ⁽²⁾	0.22	0.23	0.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.22	0.23	0.40
Trading expense ratio (%) ⁽³⁾	0.07	0.06	0.06
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	47.58	33.26	42.41
Net asset value per unit (\$) ⁽¹⁾	10.58	9.18	10.26

⁽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⁾ 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:

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate (%)	Dealer Compensation (%) ¹	General Administration, Investment Advice and Profit (%)
Series A Units	1.75	42	58
Series D Units	1.25	15	85
Series F Units	0.75	–	100
Series I Units	–	–	–
Series O Units ²	0.75	–	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.

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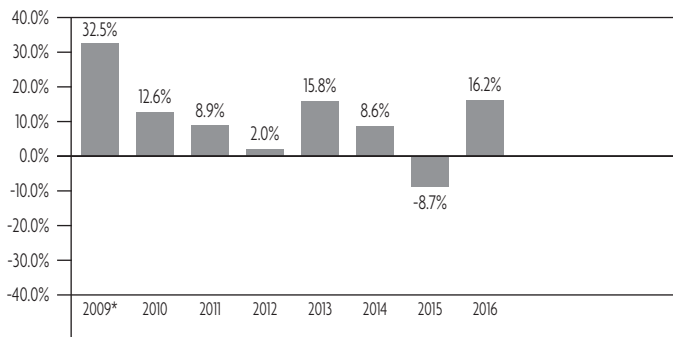
PAST PERFORMANCE

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.

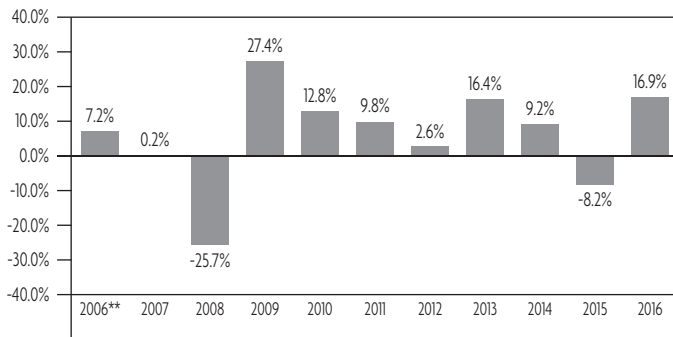
Year-by-Year Returns

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.

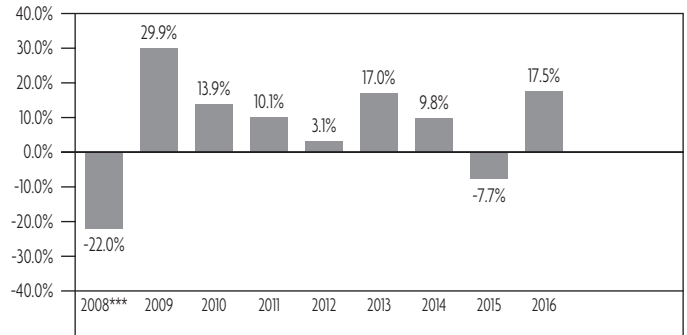
Series A Units – Annual return for the period ended December 31, 2016



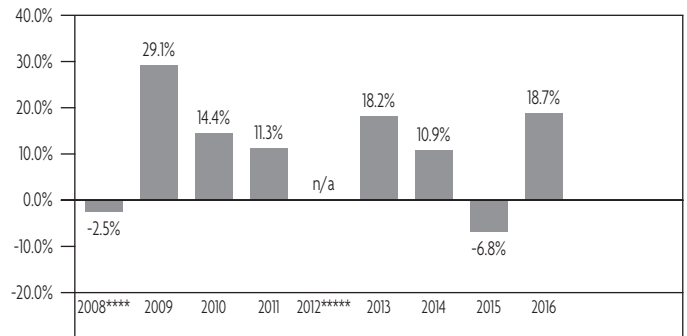
Series D Units – Annual return for the period ended December 31, 2016



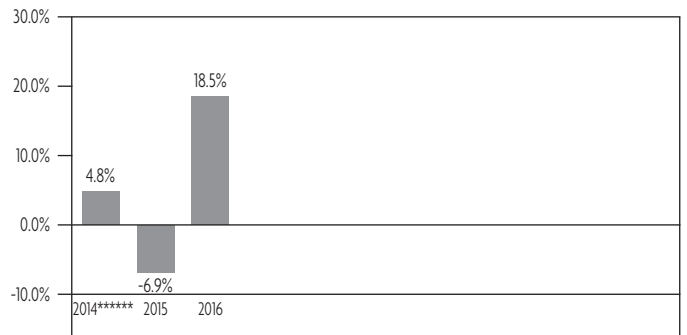
Series F Units – Annual return for the period ended December 31, 2016



Series I Units – Annual return for the period ended December 31, 2016



Series O Units – Annual return for the period ended December 31, 2016



* for the period of March 31, 2009 to December 31, 2009

** for the period of March 27, 2006 to December 31, 2006

*** for the period of February 13, 2008 to December 31, 2008

**** for the period of November 28, 2008 to December 31, 2008

***** Returns not available for this time period because there were no investors in this series for a continuous calendar year

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

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The S&P/TSX Capped Composite 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 but underperformed over the past five years, over the past three years and over the past year.

	Performance				
	1 Year	3 Year	5 Year	10 Year	Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Sun Life MFS Dividend Income Fund – Series A	16.2%	4.8%	6.3%	N/A	10.8%
S&P/TSX Capped Composite Index	21.1%	7.1%	8.2%	N/A	10.7%
Sun Life MFS Dividend Income Fund – Series O	18.5%	N/A	N/A	N/A	5.4%
S&P/TSX Capped Composite Index	21.1%	N/A	N/A	N/A	5.5%
Sun Life MFS Dividend Income Fund – Series D	16.9%	5.4%	6.9%	5.1%	5.4%
S&P/TSX Capped Composite Index	21.1%	7.1%	8.2%	4.7%	5.2%
Sun Life MFS Dividend Income Fund – Series F	17.5%	6.0%	7.5%	N/A	7.0%
S&P/TSX Capped Composite Index	21.1%	7.1%	8.2%	N/A	4.7%
Sun Life MFS Dividend Income Fund – Series I	18.7%	7.1%	N/A	N/A	8.8%
S&P/TSX Capped Composite Index	21.1%	7.1%	N/A	N/A	7.7%

⁽¹⁾ The performance start date for Series A units was April 1, 2009.

⁽²⁾ The performance start date for Series D units was April 1, 2006. 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 April 2, 2012.

⁽⁵⁾ The performance start date for Series O units was April 1, 2014.

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at December 31, 2016

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Royal Bank of Canada	8.7
2 The Toronto-Dominion Bank	7.1
3 The Bank of Nova Scotia	6.2
4 Enbridge Inc.	4.0
5 Suncor Energy Inc.	3.9
6 Magna International Inc.	3.6
7 Canadian Natural Resources Ltd.	3.0
8 TransCanada Corporation	2.9
9 Finning International Inc.	2.7
10 National Bank of Canada	2.5
11 Dream Office Real Estate Investment Trust	2.5
12 Manulife Financial Corp.	2.2
13 Zurich Financial Services AG	2.0
14 Canadian Pacific Railway Ltd.	1.9
15 Vermilion Energy Inc.	1.8
16 Quebecor Inc.	1.7
17 WestJet Airlines Ltd.	1.7
18 Capital Power Corp.	1.7
19 TELUS Corp.	1.6
20 Waste Connections Inc.	1.6
21 Superior Plus Corp.	1.6
22 BHP Billiton PLC	1.5
23 Starwood Property Trust Inc.	1.5
24 Agrium Inc.	1.5
25 Archer-Daniels-Midland Co	1.4
	70.8
Total Net Asset Value (000's)	\$ 30,189

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	33.9
Energy	21.1
Industrials	10.6
Materials	9.4
Utilities	6.4
Consumer Discretionary	5.4
Real Estate	4.2
Consumer Staples	2.7
Telecommunication Services	2.6
Cash and Cash Equivalents ⁽²⁾	2.0
Information Technology	1.7
	100.0

Sun Life MFS Dividend Income Fund

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Equities	83.5
International Equities	11.1
U.S. Equities	3.4
Cash and Cash Equivalents ⁽²⁾	2.0
	100.0

⁽¹⁾ All information is as at December 31, 2016. 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 Dividend Income 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.

Sun Life Global Investments (Canada) Inc.
150 King Street West, Toronto, Ontario, M5H 1J9
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



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