
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2016

Sun Life MFS U.S. Growth Fund



Sun Life MFS U.S. Growth Fund

This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the annual financial statements by calling 1-877-344-1434, by sending an email to us at info@sunlifeglobalinvestments.com or by writing to us at Sun Life Global Investments (Canada) Inc., 150 King Street West, Toronto, Ontario, M5H 1J9. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com. All of the financial information is calculated based on the pricing Net Asset Valuation for the investment fund, unless otherwise stated.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The fundamental investment objective of Sun Life MFS U.S. Growth Fund (the "Fund") is to seek capital appreciation by investing primarily in equity securities of issuers located in the United States that are considered to have above-average earnings growth potential compared to other companies.

The Fund's sub-advisor is MFS Institutional Advisors, Inc. ("MFS"). MFS uses a bottom-up investment approach in selecting investments primarily based on fundamental analysis of issuers and their potential in light of their current financial condition and industry position, as well as market, economic, political and regulatory conditions. MFS also considers factors such as earnings, cash flows, competitive position and management ability of issuers. The Fund may invest up to 20% of the Fund's assets in non-U.S. foreign securities.

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 \$521.7 million to \$713.0 million. The increase in net asset value was due to positive net sales, partially offset by negative performance during the period.

During the period, the Fund returned -2.9% for Series A units. This result lagged the Fund's benchmark, the Russell 1000 C\$, which returned 8.2%. 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.

Within the Information Technology sector, weak security selection was the primary detractor from relative performance. Overweight positions in shares of poor-performing online professional network operator LinkedIn

and customer information software manager Salesforce.com hurt relative returns. Underweight positions in shares of strong-performing software giant Microsoft and computer and personal electronics maker Apple also held back relative results.

Stock selection and an underweight allocation to the Industrials sector also weighed on relative returns. However, there were no individual securities within this sector that were among the Fund's top relative detractors.

Security selection in the Health Care sector further hindered relative performance. Within this sector, overweight positions in biopharmaceutical company Alexion Pharmaceuticals, eye care and skin care products company Allergan (Ireland), and drug maker Regeneron Pharmaceuticals detracted from relative results as all three firms lagged the benchmark during the period. Not owning health insurance and Medicare/Medicaid provider UnitedHealth Group and holding shares of medical device maker Medtronic also hurt performance

Elsewhere, not holding shares of telecommunications services provider Verizon Communications weakened relative results. Stock selection in the Real Estate sector contributed to performance relative to the Russell 1000 Growth Index. However, there were no individual securities within this sector that were among the Fund's top relative contributors.

Stocks in other sectors that strengthened relative returns included overweight positions in computer graphics processors maker NVIDIA, construction aggregate producer Vulcan Materials, apparel retailer Ross Stores, financial services provider Charles Schwab, industrial and consumer products and services company Danaher and broadband communications and networking services Broadcom Limited. Underweight positions in biotech firm Gilead Sciences and drugstore retailer CVS Health and not owning shares of biotechnology medicines company Amgen and healthcare services company Express Scripts also helped 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, was also a contributor to relative performance.

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Recent Developments

Sluggish global growth weighed on both developed and Emerging Market (“EM”) economies during much of the period, though signs of improved growth became evident in late 2016. The U.S. Federal Reserve increased interest rates by 25 basis points at the end of the period, the second hike of the cycle which began in December 2015. Globally, however, central bank policy remained highly accommodative, which forced many government, and even some corporate bond yields into negative territory during the period. During the first half of the period, the United Kingdom voted to leave the European Union, beginning a multi-year process of negotiation in order to achieve “Brexit.” While markets initially reacted to the vote with alarm, the spillover to European and EM economies were relatively short-lived, although risks of further hits to European Union cohesiveness could re-emerge. Late in the period, the surprising U.S. presidential election outcome prompted a significant rally in equities and a rise in bond yields in anticipation of an inflationary policy mix from the incoming Trump administration.

Headwinds from lower energy and commodity prices, which had spread beyond the Energy, Materials and Industrial sectors early in the period, decreased later in the period as stabilizing oil prices helped push energy earnings higher relative to expectations. A sharp rise in the U.S. Dollar was a headwind for multinationals late in the period. The sharp rise in the U.S. Dollar also weighed on earnings. U.S. consumer spending held up well during the second half of the period amid a modest increase in real wages and relatively low gasoline prices. Demand for automobiles reached near-record territory, while the housing market continued its recovery. Slow global trade continued to mirror slow global growth, particularly for many EM countries. That said, EM countries began to show signs of a modest upturn in activity along with adjustment in their external accounts. These improved conditions appeared to have reassured investors and contributed to record inflows into the asset class during July and August as negative yields for an increasing share of developed market bonds drove yield-seeking investors further out on the risk spectrum.

Similar investor inflows were experienced in the investment grade and high yield corporate markets. Late in the period, however, new challenges emerged for emerging markets debt as a result of the U.S. presidential election, which raised concerns about the potential for a protectionist turn in U.S. trade policy which could negatively impact EM economies. These concerns, along with rising expectations for U.S. growth, inflation and rates, have turned the tables on flows into emerging market debt. Since the election, flows have reversed. As of the end of the period, the markets seemed to be in a wait-and-see mode, looking for evidence to either

confirm or refute the repricing of risk that has occurred since Election Day.

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 annual financial statements (audited).

Each Fund also pays certain operating expenses directly (the “Fund Costs”). Fund Costs include: borrowing costs incurred

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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, AH, T5, T8, F, FH, I, IH, O and OH. The date of creation for Series A, F, and I units was October 1, 2010, the date of creation for Series AH was February 1, 2011, the date of creation for Series T5 and T8 units was September 1, 2011, the date of creation for Series O units was April 1, 2014, and the date of creation for Series FH, IH and OH units was July 29, 2016.

Series A, AH, 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.

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 FH units are available to investors who have a fee-based account with their dealer and whose dealer has signed an agreement with us. The characteristics of Series FH units are the same as Series F units, except that the return of Series FH units will reflect the performance of the Fund after hedging substantially all of the foreign currency exposure attributable to Series FH.

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 IH securities are special purpose securities that are currently only available to other mutual funds and eligible institutional investors. Series IH units are not sold to the general public. The characteristics of Series IH units are the same as Series I units, except that the return of Series IH units will reflect the performance of the Fund after hedging

substantially all of the foreign currency exposure attributable to Series IH.

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.

Series OH units are only available to investors through the Private Client Program. The characteristics of Series OH units are the same as Series O units, except that the return of Series OH units will reflect the performance of the Fund after hedging substantially all of the foreign currency exposure attributable to Series OH.

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 U.S. Growth Fund – Series A

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	24.11	19.68	17.00	11.99	10.73
Increase (decrease) from operations:					
Total revenue	0.19	0.19	0.16	0.12	0.13
Total expenses	(0.90)	(0.99)	(0.84)	(0.36)	(0.31)
Realized gains (losses) for the period	0.34	1.01	0.50	0.66	0.12
Unrealized gains (losses) for the period	0.28	4.54	2.94	4.87	1.10
Total increase (decrease) from operations⁽²⁾	(0.09)	4.75	2.76	5.29	1.04
Distributions:					
From income (excluding dividends)	–	(0.05)	–	(0.05)	(0.01)
From dividends	–	–	–	–	–
From capital gains	–	(0.41)	–	–	(0.03)
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	–	(0.46)	–	(0.05)	(0.04)
Net assets value, end of period	23.42	24.11	19.68	17.00	11.99

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Sun Life MFS U.S. Growth Fund – Series AH

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	17.07	16.48	15.31	11.36	10.37
Increase (decrease) from operations:					
Total revenue	0.14	0.15	0.14	0.10	0.12
Total expenses	(0.67)	(0.77)	(0.74)	(0.33)	(0.30)
Realized gains (losses) for the period	0.47	(1.96)	(0.78)	(0.21)	0.49
Unrealized gains (losses) for the period	(0.05)	3.51	2.61	4.46	1.19
Total increase (decrease) from operations⁽²⁾	(0.11)	0.93	1.23	4.02	1.50
Distributions:					
From income (excluding dividends)	–	(0.04)	–	(0.04)	(0.01)
From dividends	–	–	–	–	–
From capital gains	–	(0.31)	–	–	(0.49)
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	–	(0.35)	–	(0.04)	(0.50)
Net assets value, end of period	17.00	17.07	16.48	15.31	11.36

Sun Life MFS U.S. Growth Fund – Series T5

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	28.93	24.66	22.35	16.42	15.35
Increase (decrease) from operations:					
Total revenue	0.23	0.24	0.21	0.16	0.17
Total expenses	(1.06)	(1.23)	(1.09)	(0.48)	(0.43)
Realized gains (losses) for the period	0.49	1.24	0.61	0.86	0.19
Unrealized gains (losses) for the period	(0.91)	5.68	3.85	6.00	1.88
Total increase (decrease) from operations⁽²⁾	(1.25)	5.93	3.58	6.54	1.81
Distributions:					
From income (excluding dividends)	–	–	(0.07)	(0.09)	(0.73)
From dividends	–	–	–	–	–
From capital gains	–	(0.52)	–	–	(0.04)
Return of capital	(1.45)	(1.21)	(1.05)	(0.73)	–
Total annual distributions⁽³⁾	(1.45)	(1.73)	(1.12)	(0.82)	(0.77)
Net assets value, end of period	26.61	28.93	24.66	22.35	16.42

Sun Life MFS U.S. Growth Fund – Series T8

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	25.56	22.41	20.93	15.79	15.22
Increase (decrease) from operations:					
Total revenue	0.20	0.21	0.19	0.14	0.17
Total expenses	(0.92)	(1.10)	(1.00)	(0.45)	(0.42)
Realized gains (losses) for the period	0.35	1.12	0.61	0.79	0.18
Unrealized gains (losses) for the period	(0.32)	4.95	3.17	6.13	1.83
Total increase (decrease) from operations⁽²⁾	(0.69)	5.18	2.97	6.61	1.76
Distributions:					
From income (excluding dividends)	–	–	(0.09)	(0.07)	(1.18)
From dividends	–	–	–	–	–
From capital gains	–	(0.45)	–	–	(0.03)
Return of capital	(2.04)	(1.78)	(1.58)	(1.19)	–
Total annual distributions⁽³⁾	(2.04)	(2.23)	(1.67)	(1.26)	(1.21)
Net assets value, end of period	22.72	25.56	22.41	20.93	15.78

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

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	25.44	20.56	17.56	12.26	10.86
Increase (decrease) from operations:					
Total revenue	0.20	0.20	0.17	0.12	0.11
Total expenses	(0.53)	(0.57)	(0.48)	(0.22)	(0.18)
Realized gains (losses) for the period	0.25	1.05	0.44	0.68	0.20
Unrealized gains (losses) for the period	0.79	4.58	4.07	5.08	2.20
Total increase (decrease) from operations⁽²⁾	0.71	5.26	4.20	5.66	2.33
Distributions:					
From income (excluding dividends)	(0.01)	(0.07)	–	(0.06)	(0.01)
From dividends	–	–	–	–	–
From capital gains	–	(0.43)	–	–	(0.03)
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.01)	(0.50)	–	(0.06)	(0.04)
Net assets value, end of period	24.98	25.44	20.56	17.56	12.26

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Sun Life MFS U.S. Growth Fund – Series FH

	2016 (\$)
Net assets value, beginning of period	–
Increase (decrease) from operations:	
Total revenue	0.03
Total expenses	(0.09)
Realized gains (losses) for the period	(0.19)
Unrealized gains (losses) for the period	0.07
Total increase (decrease) from operations⁽²⁾	(0.18)
Distributions:	
From income (excluding dividends)	(0.02)
From dividends	–
From capital gains	–
Return of capital	–
Total annual distributions⁽³⁾	(0.02)
Net assets value, end of period	9.79

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

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Net assets value, beginning of period	27.09	21.65	18.30	12.62	11.03
Increase (decrease) from operations:					
Total revenue	0.22	0.21	0.18	0.12	0.18
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.41	1.12	0.44	0.66	0.19
Unrealized gains (losses) for the period	(0.35)	4.50	3.66	5.09	1.55
Total increase (decrease) from operations⁽²⁾	0.26	5.81	4.26	5.85	1.90
Distributions:					
From income (excluding dividends)	(0.12)	(0.12)	(0.05)	(0.08)	(0.02)
From dividends	–	–	–	–	–
From capital gains	–	(0.46)	–	–	(0.03)
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	(0.12)	(0.58)	(0.05)	(0.08)	(0.05)
Net assets value, end of period	26.82	27.09	21.65	18.30	12.62

Sun Life MFS U.S. Growth Fund – Series IH

	2016 (\$)
Net assets value, beginning of period	–
Increase (decrease) from operations:	
Total revenue	0.03
Total expenses	–
Realized gains (losses) for the period	(0.19)
Unrealized gains (losses) for the period	0.02
Total increase (decrease) from operations⁽²⁾	(0.14)
Distributions:	
From income (excluding dividends)	(0.05)
From dividends	–
From capital gains	–
Return of capital	–
Total annual distributions⁽³⁾	(0.05)
Net assets value, end of period	9.82

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

	2016 (\$)	2015 (\$)	2014 (\$)
Net assets value, beginning of period	14.25	11.42	10.00
Increase (decrease) from operations:			
Total revenue	0.12	0.11	0.07
Total expenses	(0.05)	(0.05)	(0.03)
Realized gains (losses) for the period	0.20	0.70	0.13
Unrealized gains (losses) for the period	(0.02)	2.10	1.82
Total increase (decrease) from operations⁽²⁾	0.25	2.86	1.99
Distributions:			
From income (excluding dividends)	(0.05)	(0.05)	(0.02)
From dividends	–	–	–
From capital gains	–	(0.21)	–
Return of capital	–	(0.06)	–
Total annual distributions⁽³⁾	(0.05)	(0.32)	(0.02)
Net assets value, end of period	14.10	14.25	11.42

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Sun Life MFS U.S. Growth Fund – Series OH

	2016 (\$)
Net assets value, beginning of period	—
Increase (decrease) from operations:	
Total revenue	0.03
Total expenses	(0.02)
Realized gains (losses) for the period	(0.19)
Unrealized gains (losses) for the period	0.04
Total increase (decrease) from operations⁽²⁾	(0.14)
Distributions:	
From income (excluding dividends)	(0.04)
From dividends	—
From capital gains	—
Return of capital	—
Total annual distributions⁽³⁾	(0.04)
Net assets value, end of period	9.81

- ⁽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").

Ratios and Supplemental Data⁽⁶⁾

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

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	39,172,529	27,565,974	15,143,758	7,027,460	1,677,185
Number of units outstanding ⁽¹⁾	1,672,892	1,143,157	769,417	413,496	139,903
Management expense ratio (%) ⁽²⁾	2.46	2.46	2.47	2.46	2.49
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.46	2.46	3.72	5.78	6.16
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	23.42	24.11	19.68	17.00	11.99

Sun Life MFS U.S. Growth Fund – Series AH

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	759,449	689,184	637,641	439,431	238,068
Number of units outstanding ⁽¹⁾	44,672	40,382	38,683	28,694	20,958
Management expense ratio (%) ⁽²⁾	2.46	2.48	2.49	2.50	2.43
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.46	2.48	3.76	5.87	6.37
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	17.00	17.07	16.48	15.31	11.36

Sun Life MFS U.S. Growth Fund – Series T5

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	206,476	266,256	190,367	52,161	11,657
Number of units outstanding ⁽¹⁾	7,759	9,202	7,720	2,333	710
Management expense ratio (%) ⁽²⁾	2.47	2.49	2.51	2.49	2.50
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.47	2.49	3.79	5.85	6.57
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	26.61	28.93	24.66	22.35	16.42

Sun Life MFS U.S. Growth Fund – Series T8

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	295,058	152,418	70,594	21,199	11,666
Number of units outstanding ⁽¹⁾	12,984	5,962	3,151	1,013	739
Management expense ratio (%) ⁽²⁾	2.48	2.49	2.49	2.49	2.50
Management expense ratio before waivers or absorption (%) ⁽²⁾	2.48	2.49	3.76	5.85	6.57
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	22.72	25.56	22.41	20.93	15.79

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

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	7,160,673	1,366,750	904,395	181,811	53,324
Number of units outstanding ⁽¹⁾	286,645	53,720	43,985	10,354	4,349
Management expense ratio (%) ⁽²⁾	1.34	1.35	1.36	1.36	1.35
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.34	1.35	2.05	3.20	6.05
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	24.98	25.44	20.56	17.56	12.26

Sun Life MFS U.S. Growth Fund – Series FH

	2016
Total net asset value (\$) ⁽¹⁾	9,820
Number of units outstanding ⁽¹⁾	1,003
Management expense ratio (%) ⁽²⁾	1.35
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.35
Trading expense ratio (%) ⁽³⁾	0.02
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58
Net asset value per unit (\$) ⁽¹⁾	9.79

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

	2016	2015	2014	2013	2012
Total net asset value (\$) ⁽¹⁾	659,608,302	484,644,073	267,412,298	38,078,544	19,814,705
Number of units outstanding ⁽¹⁾	24,589,721	17,887,735	12,350,232	2,081,086	1,569,780
Management expense ratio (%) ⁽²⁾	0.06	0.05	0.06	0.06	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.05	0.08	0.15	2.98
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07	0.05	0.13
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42	36.66	70.79
Net asset value per unit (\$) ⁽¹⁾	26.82	27.09	21.65	18.30	12.62

Sun Life MFS U.S. Growth Fund – Series IH

	2016
Total net asset value (\$) ⁽¹⁾	9,863
Number of units outstanding ⁽¹⁾	1,005
Management expense ratio (%) ⁽²⁾	0.04
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.04
Trading expense ratio (%) ⁽³⁾	0.02
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58
Net asset value per unit (\$) ⁽¹⁾	9.82

Sun Life MFS U.S. Growth Fund

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

	2016	2015	2014
Total net asset value (\$) ⁽¹⁾	5,756,062	3,219,386	251,710
Number of units outstanding ⁽¹⁾	408,133	225,845	22,050
Management expense ratio (%) ⁽²⁾	0.22	0.21	0.22
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.22	0.21	0.33
Trading expense ratio (%) ⁽³⁾	0.02	0.03	0.07
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58	52.52	59.42
Net asset value per unit (\$) ⁽¹⁾	14.10	14.25	11.42

Sun Life MFS U.S. Growth Fund – Series OH

	2016
Total net asset value (\$) ⁽¹⁾	9,835
Number of units outstanding ⁽¹⁾	1,002
Management expense ratio (%) ⁽²⁾	0.23
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.23
Trading expense ratio (%) ⁽³⁾	0.02
Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾	25.58
Net asset value per unit (\$) ⁽¹⁾	9.81

⁽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:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) ¹	General Administration, Investment Advice and Profit (%)
Series A Units	2.00	38	62
Series AH Units	2.00	42	58
Series T5 Units	2.00	36	64
Series T8 Units	2.00	37	63
Series F Units	1.00	—	100
Series FH Units	1.00	—	100
Series I Units	—	—	—
Series IH Units	—	—	—
Series O Units ²	1.00	—	100
Series OH Units ²	1.00	—	100

¹ Includes sales and trailing commissions.

² Series O and Series OH management fees are not paid by the Fund. Series O and Series OH investors pay management fees directly to the manager.

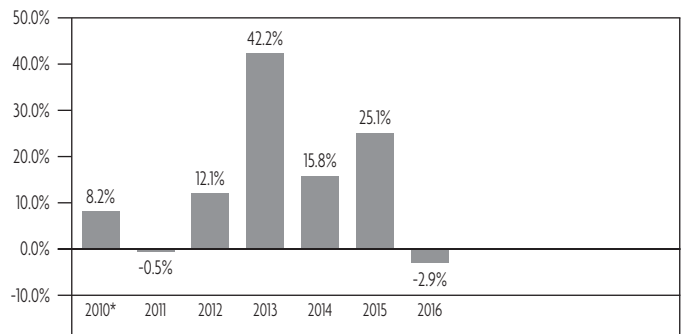
PAST PERFORMANCE

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

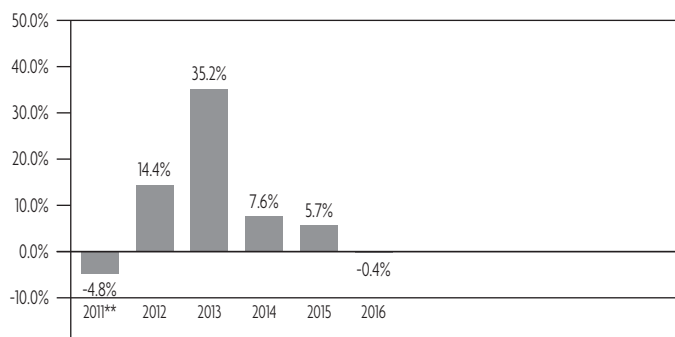
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.

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



Sun Life MFS U.S. Growth Fund

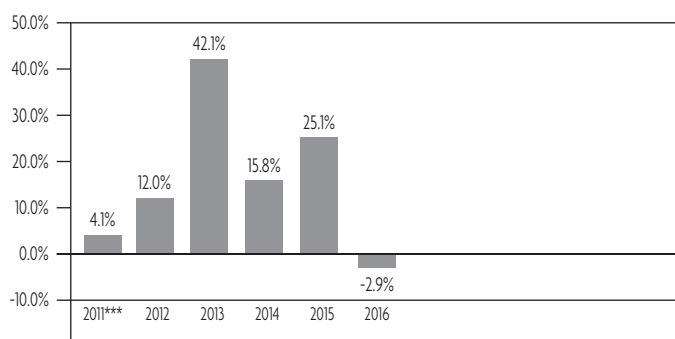
Series AH Units – Annual return for the period ended December 31, 2016



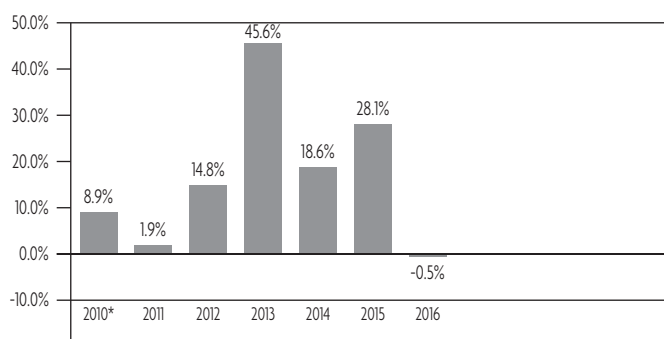
Series FH Units – Annual return for the period ended December 31, 2016



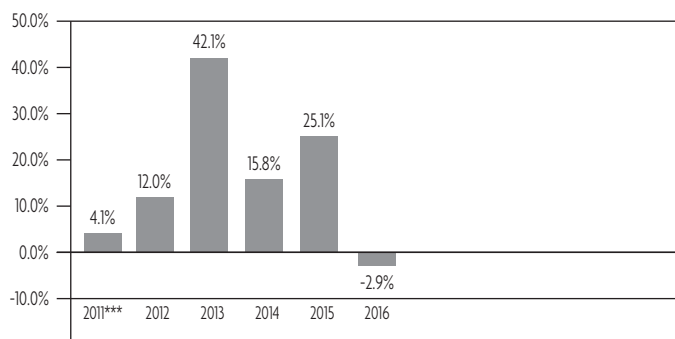
Series T5 Units – Annual return for the period ended December 31, 2016



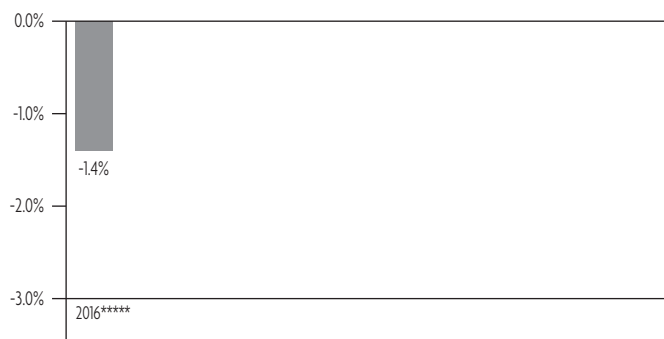
Series I Units – Annual return for the period ended December 31, 2016



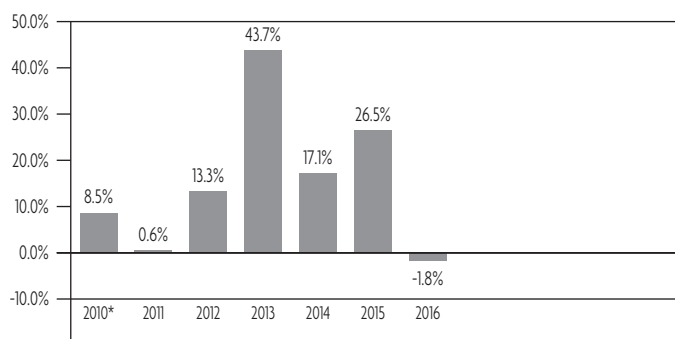
Series T8 Units – Annual return for the period ended December 31, 2016



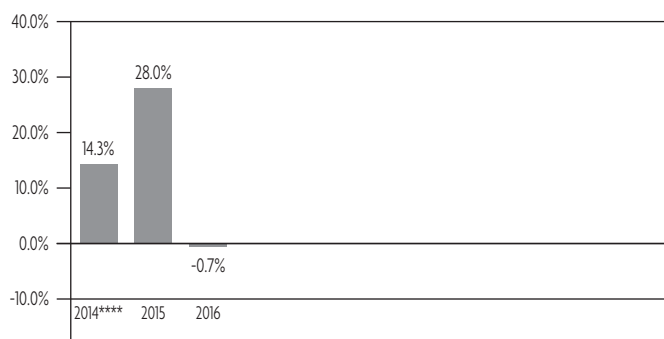
Series IH Units – Annual return for the period ended December 31, 2016



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

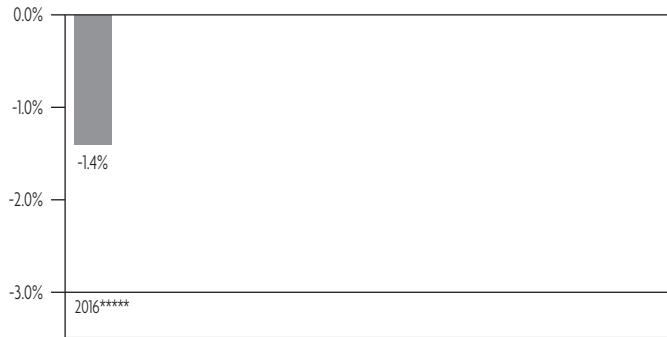


Series O Units – Annual return for the period ended December 31, 2016



Sun Life MFS U.S. Growth Fund

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



* for the period of October 1, 2010 to December 31 2010

** for the period of February 1, 2011 to December 31, 2011

*** for the period of September 1, 2011 to December 31 2011

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

***** for the period July 29, 2016 to December 31, 2016

Annual Compound Returns

The following table compares the historical annual compound total returns of Series A, AH, T5, T8, F, I and O units of the Fund with the Russell 1000 C\$ Index.

The Russell 1000 C\$ Index measures the performance of the large-cap segment of the U. S. equity universe and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.

The Series A units underperformed the benchmark since inception, over the past five years, over the past three years and over the past year.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Sun Life MFS U.S. Growth Fund – Series A	(2.9%)	12.1%	17.5%	N/A	15.1%
Sun Life MFS U.S. Growth Fund – Series F	(1.8%)	13.3%	18.8%	N/A	16.4%
Sun Life MFS U.S. Growth Fund – Series I	(0.5%)	14.8%	20.4%	N/A	17.9%
Russell 1000 C\$ Index	8.2%	17.4%	21.2%	N/A	18.8%
Sun Life MFS U.S. Growth Fund – Series O	(0.7%)	N/A	N/A	N/A	14.5%
Russell 1000 C\$ Index	8.2%	N/A	N/A	N/A	16.6%
Sun Life MFS U.S. Growth Fund – Series AH	(0.4%)	4.3%	11.9%	N/A	9.0%

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Russell 1000 C\$ Index	8.2%	17.4%	21.2%	N/A	17.8%
Sun Life MFS U.S. Growth Fund – Series T5	(2.9%)	12.0%	17.5%	N/A	17.2%
Sun Life MFS U.S. Growth Fund – Series T8	(2.9%)	12.0%	17.5%	N/A	17.2%
Russell 1000 C\$ Index	8.2%	17.4%	21.2%	N/A	21.4%

⁽¹⁾ The performance start date for Series A, F, and I units was October 1, 2010.

⁽²⁾ The performance start date for Series AH units was February 1, 2011.

⁽³⁾ The performance start date for Series T5 and T8 units was September 1, 2011.

⁽⁴⁾ The performance start date for Series O units was April 1, 2014.

⁽⁵⁾ Performance for Series FH, IH and OH units is not shown as Series FH, IH and OH have not been distributed under a simplified prospectus for 12 months.

SUMMARY OF INVESTMENT PORTFOLIO⁽¹⁾

as at December 31, 2016

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Alphabet Inc.	6.5
2 Facebook Inc.	4.3
3 Amazon.com Inc.	4.1
4 Visa Inc.	3.7
5 Microsoft Corp.	3.6
6 MasterCard Inc.	2.6
7 Adobe Systems Inc.	2.5
8 American Tower Corp.	2.4
9 Thermo Fisher Scientific Inc.	2.1
10 Canadian Treasury Bill, 0.49%, Mar 09, 2017	2.1
11 Danaher Corp.	1.9
12 IntercontinentalExchange Group Inc.	1.8
13 Ross Stores Inc.	1.7
14 Apple Inc.	1.7
15 Broadcom Ltd.	1.6
16 Priceline.com Inc.	1.6
17 Fiserv Inc.	1.6
18 Celgene Corp.	1.6
19 Vulcan Materials Co.	1.5
20 Salesforce.com Inc.	1.5
21 Comcast Corp.	1.4
22 Constellation Brands Inc.	1.4
23 Charles Schwab Corp.	1.4
24 Electronic Arts Inc.	1.3
25 The Sherwin-Williams Co.	1.3
	57.2
Total Net Asset Value (000's)	\$ 712,988

Sun Life MFS U.S. Growth Fund

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Information Technology	34.6
Consumer Discretionary	19.6
Health Care	11.7
Financials	10.6
Industrials	9.2
Consumer Staples	5.6
Materials	3.9
Cash and Cash Equivalents ⁽²⁾	3.5
Energy	1.3
	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 U.S. 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** or **www.sedar.com**.

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