
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2016

Sun Life Multi-Strategy Bond Fund
(formerly Sun Life Beutel Goodman Canadian Bond Fund)



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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 the Sun Life Multi-Strategy Bond Fund (the "Fund") is to seek to earn a high rate of income by investing primarily in fixed-income securities of Canadian government and corporate issuers.

The Fund seeks to achieve its investment objective by investing primarily in fixed-income securities of Canadian government and corporate issuers. The Fund will invest a portion of its net assets directly in such securities, and will invest the remainder of its net assets indirectly in underlying funds that invest in such securities. Sun Life Global Investments (Canada) Inc. (the "Manager"), together with Connor, Clark & Lunn Investment Management Ltd. (the "sub-advisor") will actively manage the portfolio to seek to add value. The fund may also from time to time invest up to 20% of the Fund's portfolio in fixed-income securities of governments and companies outside of Canada.

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 decreased from \$748.8 million to \$402.1 million. The decrease in net asset value was attributable to net redemptions, partially offset by positive performance during the period.

During the period, the Fund returned 0.4% for Series A units. This result lagged the Fund's benchmark, the FTSE TMX Canada Universe Bond, which returned 1.7%. The performance returns for other series of this Fund are similar to those of Series A except for differences in expense structures. Please refer to the 'Past Performance' section of this report for performance of each series.

The Manager believes that over the next year, yields could be pulled in opposite directions by central banks that remain expansionary and by others that may raise rates to head off potentially higher inflation.

The Bank of Canada is expected to maintain its cautious stance on future rate hikes. If the Bank of Canada stays on hold, the short end of the yield curve will likely stay anchored where it is. But the curve could steepen as inflation expectations translate into higher, long-term interest rates. In anticipation of stronger economic growth and tightening spreads as interest rates potentially climb, the Manager will continue to overweight corporate bonds.

Recent Developments

Political events dominated 2016 and the market reaction to the vote in the second quarter by the United Kingdom to leave the European Union ("Brexit") and the U.S. presidential election in the fourth were broadly similar. In short, there was a knee jerk, one-day move in the market that was followed by a sentiment favouring riskier assets.

From an economic growth perspective, the first and second quarter of the year were dominated by the risk of a potential global economic slowdown. But in the second half of the year, synchronized economic growth accelerated around the world.

In the midst of improving data in the second half of the year, central banks began to raise concerns over flat yield curves and negative-interest-rate strategies. For its part, the Bank of Japan targeted a steeper yield curve and to keep longer-term interest rates positive. And the European Central Bank began to slowly withdraw their asset purchases, but extended the program to the end of 2017.

The U.S. Federal Reserve hiked the federal funds rate by 25 basis points in the fourth quarter and interest rates headed significantly higher. The Canadian economy rebounded, but is still hampered by the weak outlook in the export sector. Core inflation trends persisted at well below the Bank of Canada's target rate of 2% and it revised estimates lower for growth and inflation.

With the election of President Donald Trump and possible adoption of a pro-growth agenda, U.S. corporate bond

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spreads tightened into the fourth quarter. In contrast, spreads on provincial bonds were flat through most of the second half until late December.

Expansionary global monetary policies were a major support for economic growth in 2016, although looking forward it's now increasingly likely that downward inflation pressures have abated. Consequently, the environment that we have been in for years, which has been supportive of "risk" assets, is likely to come under pressure.

The current market optimism surrounding impending U.S. fiscal policy may be somewhat premature, as any meaningful impact from fiscal stimulus is unlikely to occur until closer to 2018. In the meantime, tighter financial conditions, a U.S. Federal Reserve with a tightening bias and a stronger U.S. Dollar should dampen near-term prospects.

Effective May 2, 2016, the Fund moved to a multi-strategy approach and changed its name from Sun Life Beutel Goodman Canadian Bond Fund to Sun Life Multi-Strategy Bond Fund. In connection with this change, Beutel Goodman and Company Ltd. was removed as sub-advisor. The Fund's assets were allocated to four underlying managers: BlackRock Asset Management; Connor, Clark & Lunn Investment Management Ltd. (as sub-advisor), Franklin Templeton Investments and Phillips, Hager & North Investment Management.

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 Connor,

Clark & Lunn to act as a sub-advisor for a portion of the Fund. The Manager retains responsibility for investing the remainder of the portfolio in underlying funds.

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

Fund Administrative Expenses

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

Each Fund also pays certain operating expenses directly (the "Fund Costs"). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund's Independent Review Committee ("IRC"); taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. Each Fund allocates Fund Costs proportionately among its series of units. The Fund Costs that are specific to a series of units are allocated to that series. These amounts are paid out of the assets attributed to each series of units of the Fund, which reduces the return you may receive.

Series Description

The Fund offers the following series of units: A, F, I and O. The date of creation for Series A, F, and I units was September 1, 2011, the date of creation for Series O units was April 1, 2014.

Series A units are available to all investors.

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.

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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 Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series A

| | 2016 (\$) | 2015 (\$) | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|---------------|---------------|---------------|---------------|---------------|
| Net asset value, beginning of period | 9.87 | 10.00 | 9.70 | 10.15 | 10.21 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.36 | 0.30 | 0.31 | 0.30 | 0.34 |
| Total expenses | (0.26) | (0.16) | (0.15) | (0.15) | (0.16) |
| Realized gains (losses) for the period | – | 0.03 | (0.08) | (0.11) | (0.03) |
| Unrealized gains (losses) for the period | (0.06) | (0.17) | 0.39 | (0.35) | (0.03) |
| Total increase (decrease) from operations⁽²⁾ | 0.04 | – | 0.47 | (0.31) | 0.12 |
| Distributions: | | | | | |
| From income (excluding dividends) | (0.16) | (0.15) | (0.15) | (0.15) | (0.19) |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | (0.16) | (0.15) | (0.15) | (0.15) | (0.19) |
| Net asset value, end of period | 9.76 | 9.87 | 10.00 | 9.70 | 10.15 |

Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series F

| | 2016 (\$) | 2015 (\$) | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|---------------|---------------|---------------|---------------|---------------|
| Net asset value, beginning of period | 9.90 | 10.02 | 9.74 | 10.19 | 10.21 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.36 | 0.30 | 0.31 | 0.31 | 0.35 |
| Total expenses | (0.17) | (0.10) | (0.10) | (0.10) | (0.11) |
| Realized gains (losses) for the period | – | 0.04 | (0.04) | (0.12) | (0.03) |
| Unrealized gains (losses) for the period | (0.18) | (0.22) | 0.28 | (0.30) | (0.10) |
| Total increase (decrease) from operations⁽²⁾ | 0.01 | 0.02 | 0.45 | (0.21) | 0.11 |
| Distributions: | | | | | |
| From income (excluding dividends) | (0.21) | (0.20) | (0.21) | (0.21) | (0.22) |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | (0.21) | (0.20) | (0.21) | (0.21) | (0.22) |
| Net asset value, end of period | 9.79 | 9.90 | 10.02 | 9.74 | 10.19 |

Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series I

| | 2016 (\$) | 2015 (\$) | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|---------------|---------------|---------------|---------------|---------------|
| Net asset value, beginning of period | 9.90 | 10.02 | 9.73 | 10.19 | 10.22 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.35 | 0.30 | 0.31 | 0.31 | 0.33 |
| Total expenses | (0.01) | – | – | – | – |
| Realized gains (losses) for the period | – | 0.03 | (0.07) | (0.13) | (0.03) |
| Unrealized gains (losses) for the period | (0.11) | (0.11) | 0.36 | (0.31) | (0.06) |
| Total increase (decrease) from operations⁽²⁾ | 0.23 | 0.22 | 0.60 | (0.13) | 0.24 |
| Distributions: | | | | | |
| From income (excluding dividends) | (0.32) | (0.30) | (0.31) | (0.31) | (0.32) |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | (0.32) | (0.30) | (0.31) | (0.31) | (0.32) |
| Net asset value, end of period | 9.78 | 9.90 | 10.02 | 9.73 | 10.19 |

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Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series O

| | 2016 (\$) | 2015 (\$) | 2014 (\$) |
|--|---------------|---------------|---------------|
| Net asset value, beginning of period | 10.06 | 10.18 | 10.00 |
| Increase (decrease) from operations: | | | |
| Total revenue | 0.38 | 0.30 | 0.24 |
| Total expenses | (0.03) | (0.02) | (0.01) |
| Realized gains (losses) for the period | – | 0.01 | (0.02) |
| Unrealized gains (losses) for the period | (0.25) | 0.01 | 0.18 |
| Total increase (decrease) from operations⁽²⁾ | 0.10 | 0.30 | 0.39 |
| Distributions: | | | |
| From income (excluding dividends) | (0.31) | (0.29) | (0.21) |
| From dividends | – | – | – |
| From capital gains | – | – | – |
| Return of capital | – | – | – |
| Total annual distributions⁽³⁾ | (0.31) | (0.29) | (0.21) |
| Net asset value, end of period | 9.94 | 10.06 | 10.18 |

- ⁽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 Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series A

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total net asset value (\$) ⁽¹⁾ | 3,558,675 | 2,949,950 | 3,292,822 | 4,624,784 | 8,159,708 |
| Number of units outstanding ⁽¹⁾ | 364,763 | 298,764 | 329,367 | 476,829 | 803,924 |
| Management expense ratio (%) ⁽²⁾ | 1.57 | 1.56 | 1.56 | 1.55 | 1.58 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 1.57 | 1.56 | 1.68 | 1.55 | 1.58 |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | – | – | – | – |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 322.90 | 118.83 | 100.31 | 50.83 | 82.33 |
| Net asset value per unit (\$) ⁽¹⁾ | 9.76 | 9.87 | 10.00 | 9.70 | 10.15 |

Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series F

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|---------|--------|---------|--------|--------|
| Total net asset value (\$) ⁽¹⁾ | 147,973 | 69,310 | 152,128 | 51,785 | 83,219 |
| Number of units outstanding ⁽¹⁾ | 15,107 | 7,000 | 15,175 | 5,318 | 8,170 |
| Management expense ratio (%) ⁽²⁾ | 1.03 | 1.02 | 1.01 | 1.01 | 1.04 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 1.03 | 1.02 | 1.10 | 1.01 | 1.04 |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | – | – | – | – |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 322.90 | 118.83 | 100.31 | 50.83 | 82.33 |
| Net asset value per unit (\$) ⁽¹⁾ | 9.79 | 9.90 | 10.02 | 9.74 | 10.19 |

Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series I

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|
| Total net asset value (\$) ⁽¹⁾ | 398,259,773 | 745,043,013 | 892,272,655 | 714,640,037 | 607,697,109 |
| Number of units outstanding ⁽¹⁾ | 40,727,486 | 75,264,216 | 89,018,572 | 73,452,673 | 59,645,897 |
| Management expense ratio (%) ⁽²⁾ | 0.04 | 0.03 | 0.02 | 0.03 | 0.04 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 0.04 | 0.03 | 0.02 | 0.03 | 0.04 |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | – | – | – | – |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 322.90 | 118.83 | 100.31 | 50.83 | 82.33 |
| Net asset value per unit (\$) ⁽¹⁾ | 9.78 | 9.90 | 10.02 | 9.73 | 10.19 |

Sun Life Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond Fund) – Series O

| | 2016 | 2015 | 2014 |
|--|---------|--------|--------|
| Total net asset value (\$) ⁽¹⁾ | 128,522 | 70,587 | 10,335 |
| Number of units outstanding ⁽¹⁾ | 12,932 | 7,015 | 1,015 |
| Management expense ratio (%) ⁽²⁾ | 0.18 | 0.17 | 0.18 |
| Management expense ratio before waivers or absorption (%) ⁽²⁾ | 0.18 | 0.17 | 0.19 |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | – | – |
| Portfolio turnover rate (%) ⁽⁴⁾⁽⁵⁾ | 322.90 | 118.83 | 100.31 |
| Net asset value per unit (\$) ⁽¹⁾ | 9.94 | 10.06 | 10.18 |

- ⁽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) including the Fund's allocated percentage of Fund-on-Funds' expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. 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.

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The percentages and major services paid for out of the management fees are set out below:

| | Maximum Annual Management Fee Rate (%) | As a Percentage of Management Fees | |
|-----------------------------|--|--------------------------------------|--|
| | | Dealer Compensation (%) ¹ | General Administration, Investment Advice and Profit (%) |
| Series A Units | 1.25 | 31 | 69 |
| 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.

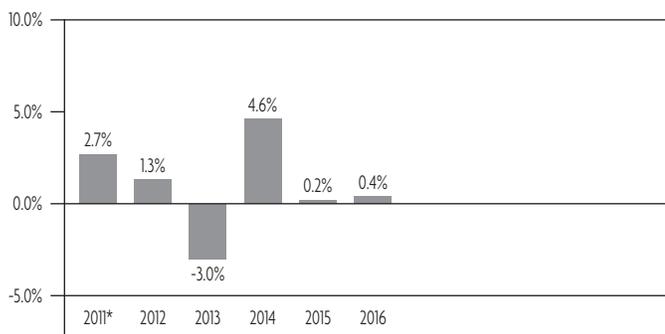
PAST PERFORMANCE

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.

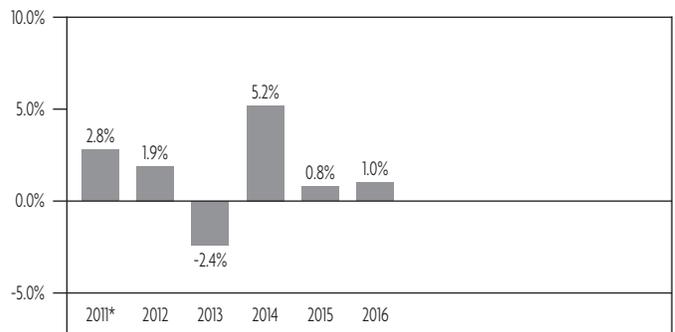
Year-by-Year Returns

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.

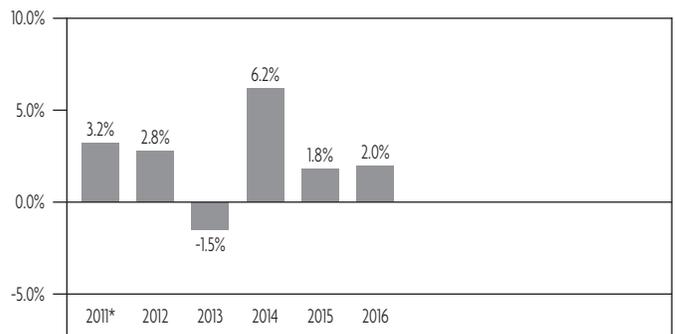
Series A Units – Annual return for the period ended December 31, 2016



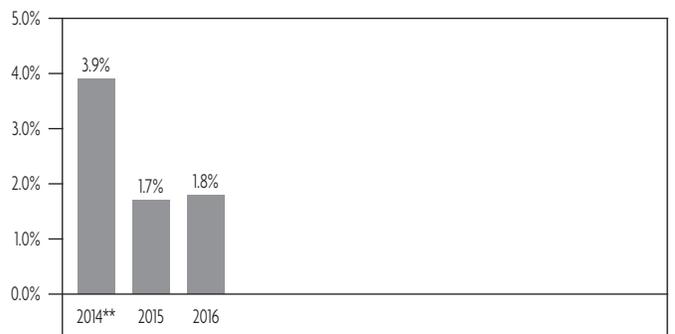
Series F Units – Annual return for the period ended December 31, 2016



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 September 1, 2011 to December 31, 2011

** 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, F, I and O units of the Fund with the FTSE TMX Canada Universe Bond Index.

The FTSE TMX Canada Universe Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market.

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

| | 1 Year | 3 Year | 5 Year | 10 Year | Performance Start Date ⁽¹⁾⁽²⁾ |
|--|--------|--------|--------|---------|--|
| Sun Life Multi-Strategy Bond Fund – Series A | 0.4% | 1.7% | 0.7% | N/A | 1.1% |
| Sun Life Multi-Strategy Bond Fund – Series F | 1.0% | 2.3% | 1.3% | N/A | 1.7% |
| Sun Life Multi-Strategy Bond Fund – Series I | 2.0% | 3.3% | 2.2% | N/A | 2.7% |
| FTSE TMX Canada Universe Bond Index | 1.7% | 4.6% | 3.2% | N/A | 3.8% |
| Sun Life Multi-Strategy Bond Fund – Series O | 1.8% | N/A | N/A | N/A | 2.7% |
| FTSE TMX Canada Universe Bond Index | 1.7% | N/A | N/A | N/A | 4.0% |

⁽¹⁾ The performance start date for Series A, F and I units was September 1, 2011.

⁽²⁾ 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 Sun Life BlackRock Canadian Universe Bond Fund, Series I ⁽²⁾ | 30.2 |
| 2 PH&N Bond Fund, Series O ⁽²⁾ | 29.7 |
| 3 Templeton Global Bond Fund, Series O ⁽²⁾ | 5.0 |
| 4 Templeton Global Bond Fund (Hedged), Series O ⁽²⁾ | 5.0 |
| 5 Province of Ontario, 4.00%, Jun 02, 2021 | 2.2 |
| 6 Canadian Government Bond, 3.50%, Dec 01, 2045 | 1.7 |
| 7 Province of Ontario, 3.15%, Jun 02, 2022 | 1.6 |
| 8 Province of Ontario, 3.45%, Jun 02, 2045 | 1.1 |
| 9 Province of Quebec, 3.50%, Dec 01, 2022 | 1.0 |
| 10 Canadian Government Bond, 1.50%, Jun 01, 2026 | 0.8 |
| 11 Canadian Government Bond, 1.75%, Sep 01, 2019 | 0.8 |
| 12 Province of Ontario, 2.85%, Jun 02, 2023 | 0.7 |
| 13 Royal Bank of Canada, 2.82%, Jul 12, 2018 | 0.7 |
| 14 Province of Quebec, 6.25%, Jun 01, 2032 | 0.7 |
| 15 Province of Ontario, 5.60%, Jun 02, 2035 | 0.6 |
| 16 Bank of Montreal, 3.40%, Apr 23, 2021 | 0.5 |
| 17 Province of Quebec, 3.50%, Dec 01, 2045 | 0.5 |
| 18 Canadian Government Bond, 2.50%, Jun 01, 2024 | 0.5 |
| 19 Royal Bank of Canada, 2.89%, Oct 11, 2018 | 0.5 |
| 20 Province of Newfoundland and Labrador, 3.00%, Jun 02, 2026 | 0.4 |
| 21 Bank of Montreal, 0.84%, Mar 13, 2017 | 0.4 |
| 22 Enbridge Inc., 3.16%, Mar 11, 2021 | 0.4 |
| 23 Loblaw Companies Limited, 4.86%, Sep 12, 2023 | 0.4 |
| 24 Canadian Imperial Bank of Commerce, 2.22%, Mar 07, 2018 | 0.4 |
| 25 GE Capital Canada Funding Co., 4.60%, Jan 26, 2022 | 0.4 |
| | 86.2 |
| Total Net Asset Value (000's) | \$ 402,095 |

Sector Allocation

| | Percentage of Net Asset Value of the Fund (%) |
|--|---|
| Mutual Funds – Canadian Fixed Income | 59.9 |
| Mutual Funds – Global Fixed Income | 10.0 |
| Canadian Corporate Bond | 11.2 |
| Canadian Provincial Government Bond | 12.6 |
| Canadian Federal Government Bond | 4.4 |
| Cash and Cash Equivalents ⁽³⁾ | 1.9 |
| | 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⁾ The Fund invests in another investment fund. The prospectus of the underlying investment fund and other information can be found on SEDAR at www.sedar.com.

⁽³⁾ 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 Multi-Strategy Bond Fund (formerly Sun Life Beutel Goodman Canadian Bond 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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