
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life MFS Canadian Bond Fund



Sun Life MFS Canadian Bond 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., 1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at www.sunlifeglobalinvestments.com and on SEDAR at www.sedar.com.

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 Objectives and Strategies

The fundamental investment objectives of the Sun Life MFS Canadian Bond Fund (the "Fund") are to provide investors with high investment returns primarily through income, with reasonable safety of capital.

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 at least 85% of the Fund's assets in debt instruments. A combination of bottom-up credit research and top-down macro analysis is used in constructing a diversified portfolio. The Fund is actively managed to add value through a variety of strategies including interest rate anticipation, yield curve positioning, dynamic trading and sector and currency management. MFSIM conducts monetary and fiscal policy analysis, macroeconomic analysis, inflationary outlook, valuation modeling, financial statement analysis, market and pricing analysis.

The Fund invests mainly in debt instruments rated investment grade but may also invest in non-investment grade debt instruments. MFSIM may also invest up to 30% of the Fund's assets in foreign debt instruments.

Risk

There were no changes in the Fund's investment objectives or strategies 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 \$113.0 million to \$147.4 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 6.8% for Series A units, this result lagged the Fund's benchmark, which returned 6.9%. 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 and a definition of the benchmark and broad-based index if applicable.

During the period, the Fund's U.S. dollar exposure detracted from performance, as the Canadian dollar appreciated on a relative basis. The Bank of Canada remaining firm on policy, while the U.S. Federal Reserve cutting policy rates three-times in the year contributed to the appreciation of the Canadian dollar against its U.S. counterpart.

An overweight allocation to both investment grade and high yield corporate bonds contributed to performance, as corporate bond spreads narrowed because of improved risk sentiment. Allocation to U.S. investment grade corporate bonds also contributed to performance, as U.S. corporate bond spreads narrowed more than their Canadian counterparts, improving returns within the sector. In addition, selection in industrial sector bonds was a positive contributor to performance.

Recent Developments

The Manager announced on November 29, 2019 that it intended to separate Series O securities from the Sun Life Global Investments Private Client Program for all the mutual funds that it manages. Subsequent to the reporting period, the Manager implemented this change to the Private Client Program on February 26, 2020.

Canadian bonds had a strong year, as most major asset classes outperformed market expectations despite the mounting risks and concerns that have mired the economic and geopolitical sphere for well over a year.

Global fixed income rates moved lower for much of the year due to concerns around economic growth mired by slowing manufacturing and global trade. The debate has centered on when or if manufacturing sector weakness would hinder the broader economy. Additionally, ongoing trade tensions, political uncertainty and below target inflation intensified concerns. The market seemed to look through these concerns. Lower rates are consistent with concerns for mounting risks and an expectation for a policy response, but a narrowing in credit spreads and rising valuations in corporate bonds, as well as equities for that matter, revealed a market that was willing to move out the risk spectrum despite the less than favourable backdrop. Central bank actions had a large influence on yields and credit spreads.

The U.S. Federal Reserve concluded, for the time being, its preemptive rate cuts helped to provide an accommodative backdrop and ease market concerns. The Bank of Canada on the

Sun Life MFS Canadian Bond Fund

other hand remained steadfast, removing their bias for higher policy rates. Most notably, central banks helped to restore market confidence.

The Manager cautions that the current global uncertainty with respect to the spread of the coronavirus (COVID-19) and its effect on the broader global economy may have a significant impact to the volatility of the financial market. While the precise impact remains unknown, rapid spread of the virus may have a material adverse effect on global economic activity and disrupt global supply chains, operations, mobility of people, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to fund performance.

Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the “Manager”) is the manager, trustee and portfolio manager of the Fund. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

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.

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 operating expenses of the Fund (the “Administration Expenses”) in return for a fixed administration fee paid to the Manager by the 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 Fixed annual administration fees in the Fund's Statement of Comprehensive Income found in the annual financial statements.

The 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. The Fund allocates Fund Costs proportionately among each series of the Fund to which they apply. The Fund Costs that are specific to a series of securities are allocated to that series. These amounts are paid out of the assets attributed to each series of securities of the Fund, which reduces the return you may receive.

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 for the previous five years or for the periods since inception to December 31, 2019.

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

Sun Life MFS Canadian Bond Fund - Series A

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.49	13.92	14.05	14.05	14.41
Increase (decrease) from operations:					
Total revenue	0.47	0.48	0.46	0.51	0.50
Total expenses	(0.19)	(0.18)	(0.22)	(0.22)	(0.23)
Realized gains (losses) for the period	(0.15)	(0.28)	0.14	0.14	0.36
Unrealized gains (losses) for the period	0.73	(0.18)	(0.14)	(0.18)	(0.56)
Total increase (decrease) from operations⁽²⁾	0.86	(0.16)	0.24	0.25	0.07
Distributions:					
From income (excluding dividends)	(0.28)	(0.27)	(0.24)	(0.28)	(0.27)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.13)	(0.07)	(0.25)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.28)	(0.27)	(0.37)	(0.35)	(0.52)
Net asset value, end of period	14.14	13.49	13.92	14.05	14.05

Sun Life MFS Canadian Bond Fund

Sun Life MFS Canadian Bond Fund - Series D

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.54	13.98	14.12	14.12	14.48
Increase (decrease) from operations:					
Total revenue	0.48	0.48	0.46	0.51	0.50
Total expenses	(0.13)	(0.12)	(0.13)	(0.13)	(0.13)
Realized gains (losses) for the period	(0.14)	(0.28)	0.14	0.07	0.32
Unrealized gains (losses) for the period	0.80	(0.18)	(0.14)	0.01	(0.42)
Total increase (decrease) from operations⁽²⁾	1.01	(0.10)	0.33	0.46	0.27
Distributions:					
From income (excluding dividends)	(0.35)	(0.36)	(0.35)	(0.37)	(0.36)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.13)	(0.07)	(0.25)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.35)	(0.36)	(0.48)	(0.44)	(0.61)
Net asset value, end of period	14.17	13.54	13.98	14.12	14.12

Sun Life MFS Canadian Bond Fund - Series F

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.99	10.30	10.39	10.39	10.66
Increase (decrease) from operations:					
Total revenue	0.34	0.35	0.34	0.38	0.36
Total expenses	(0.08)	(0.07)	(0.11)	(0.10)	(0.11)
Realized gains (losses) for the period	(0.10)	(0.21)	0.11	0.10	0.32
Unrealized gains (losses) for the period	0.44	(0.13)	(0.13)	(0.25)	(0.40)
Total increase (decrease) from operations⁽²⁾	0.60	(0.06)	0.21	0.13	0.17
Distributions:					
From income (excluding dividends)	(0.27)	(0.26)	(0.23)	(0.27)	(0.25)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.09)	(0.05)	(0.18)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.27)	(0.26)	(0.32)	(0.32)	(0.43)
Net asset value, end of period	10.47	9.99	10.30	10.39	10.39

Sun Life MFS Canadian Bond Fund - Series FX

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.59	14.04	14.18	14.18	14.54
Increase (decrease) from operations:					
Total revenue	0.48	0.48	0.47	0.51	0.50
Total expenses	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)
Realized gains (losses) for the period	(0.15)	(0.28)	0.14	0.07	0.29
Unrealized gains (losses) for the period	0.82	(0.17)	(0.16)	0.07	(0.20)
Total increase (decrease) from operations⁽²⁾	1.04	(0.08)	0.34	0.54	0.47
Distributions:					
From income (excluding dividends)	(0.37)	(0.37)	(0.36)	(0.39)	(0.38)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.13)	(0.07)	(0.25)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.37)	(0.37)	(0.49)	(0.46)	(0.63)
Net asset value, end of period	14.22	13.59	14.04	14.18	14.18

Sun Life MFS Canadian Bond Fund - Series I

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.00	13.43	13.57	13.57	13.92
Increase (decrease) from operations:					
Total revenue	0.46	0.46	0.46	0.48	0.48
Total expenses	-	-	-	(0.01)	(0.01)
Realized gains (losses) for the period	(0.13)	(0.29)	0.14	0.09	0.26
Unrealized gains (losses) for the period	0.61	(0.17)	(0.18)	(0.06)	(0.51)
Total increase (decrease) from operations⁽²⁾	0.94	-	0.42	0.50	0.22
Distributions:					
From income (excluding dividends)	(0.46)	(0.46)	(0.45)	(0.47)	(0.47)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.12)	(0.07)	(0.24)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.46)	(0.46)	(0.57)	(0.54)	(0.71)
Net asset value, end of period	13.61	13.00	13.43	13.57	13.57

Sun Life MFS Canadian Bond Fund - Series O

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.67	10.00	10.10	10.10	10.36
Increase (decrease) from operations:					
Total revenue	0.34	0.34	0.33	0.36	0.36
Total expenses	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	(0.10)	(0.20)	0.11	0.10	0.27
Unrealized gains (losses) for the period	0.56	(0.13)	(0.11)	(0.09)	(0.41)
Total increase (decrease) from operations⁽²⁾	0.79	-	0.31	0.35	0.20
Distributions:					
From income (excluding dividends)	(0.33)	(0.33)	(0.32)	(0.34)	(0.33)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.09)	(0.05)	(0.18)
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.33)	(0.33)	(0.41)	(0.39)	(0.51)
Net asset value, end of period	10.13	9.67	10.00	10.10	10.10

⁽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 securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.

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

Ratios and Supplemental Data

Sun Life MFS Canadian Bond Fund - Series A

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	24,697,369	20,640,869	23,769,717	25,960,509	15,610,320
Number of units outstanding ⁽¹⁾	1,746,993	1,529,763	1,707,989	1,848,182	1,111,231
Management expense ratio (%) ⁽²⁾	1.34	1.34	1.56	1.56	1.56
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.34	1.34	1.56	1.56	1.56
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	14.14	13.49	13.92	14.05	14.05

Sun Life MFS Canadian Bond Fund

Sun Life MFS Canadian Bond Fund - Series D

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	20,968,553	22,053,025	26,188,101	29,048,752	30,238,423
Number of units outstanding ⁽¹⁾	1,479,847	1,629,318	1,873,008	2,056,757	2,141,603
Management expense ratio (%) ⁽²⁾	0.89	0.89	0.89	0.89	0.89
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.89	0.89	0.89	0.89	0.89
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	14.17	13.54	13.98	14.12	14.12

Sun Life MFS Canadian Bond Fund - Series F

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	9,283,610	4,936,082	5,879,437	5,440,245	2,399,660
Number of units outstanding ⁽¹⁾	886,830	494,122	571,012	523,516	230,912
Management expense ratio (%) ⁽²⁾	0.73	0.73	1.01	1.00	1.02
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.73	0.73	1.01	1.00	1.02
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	10.47	9.99	10.30	10.39	10.39

Sun Life MFS Canadian Bond Fund - Series FX

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	361,998	377,759	417,278	407,265	466,583
Number of units outstanding ⁽¹⁾	25,452	27,806	29,730	28,721	32,915
Management expense ratio (%) ⁽²⁾	0.80	0.80	0.80	0.80	0.79
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.80	0.80	0.80	0.80	0.79
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	14.22	13.59	14.04	14.18	14.18

Sun Life MFS Canadian Bond Fund - Series I

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	89,102,109	61,965,895	73,682,533	59,266,430	40,659,074
Number of units outstanding ⁽¹⁾	6,546,560	4,765,956	5,485,347	4,367,244	2,997,047
Management expense ratio (%) ⁽²⁾	0.03	0.03	0.03	0.05	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.03	0.03	0.03	0.05	0.06
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	13.61	13.00	13.43	13.57	13.57

Sun Life MFS Canadian Bond Fund - Series O

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	3,030,888	2,987,135	3,772,311	3,048,132	2,493,217
Number of units outstanding ⁽¹⁾	299,263	308,757	377,420	301,853	246,976
Management expense ratio (%) ⁽²⁾	0.11	0.11	0.17	0.17	0.17
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.11	0.11	0.17	0.17	0.17
Trading expense ratio (%) ⁽³⁾	0.01	-	0.01	-	-
Portfolio turnover rate (%) ⁽⁴⁾	37.94	32.52	48.33	53.94	88.71
Net asset value per unit (\$) ⁽¹⁾	10.13	9.67	10.00	10.10	10.10

⁽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.

⁽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.

Management Fees

The maximum annual management fee paid by the Fund is a percentage of the average daily net asset value of each series of securities of the Fund 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 (%) ^(*)	General Administration, Investment Advice and Profit (%)
Series A Units	1.05	42	58
Series D Units	0.65	16	84
Series F Units	0.55	-	100
Series FX Units	0.55	-	100
Series I Units ^(†)	-	-	-
Series O Units ^(†)	0.55	-	-

^(*) Includes sales and trailing commissions.

^(†) Series O management fees are not paid by the Fund. Series O investors pay management fees directly to the manager.

^(†) Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the manager.

Sun Life MFS Canadian Bond Fund

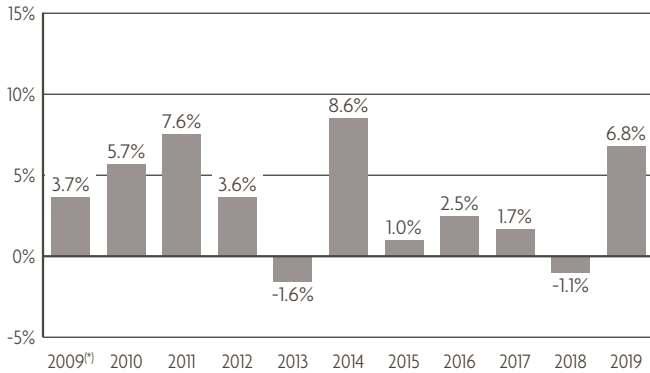
Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any unitholder that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

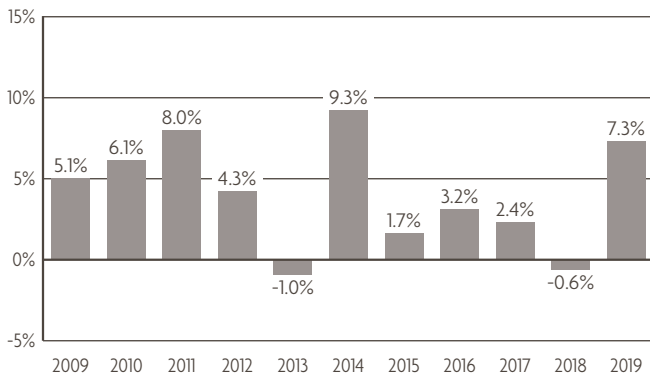
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Series A Units – Annual return for the period ended December 31, 2019

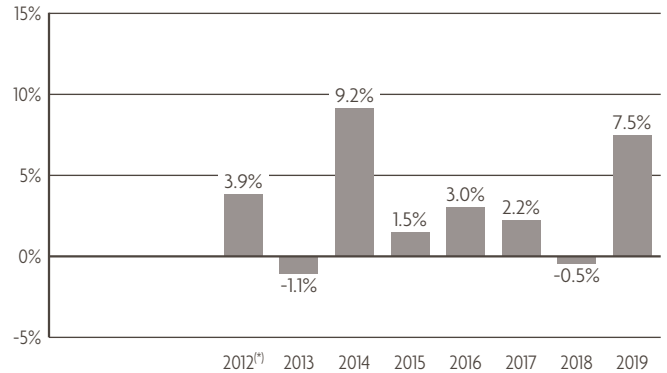


^(*) for the period of March 31, 2009 to December 31, 2009.

Series D Units – Annual return for the period ended December 31, 2019

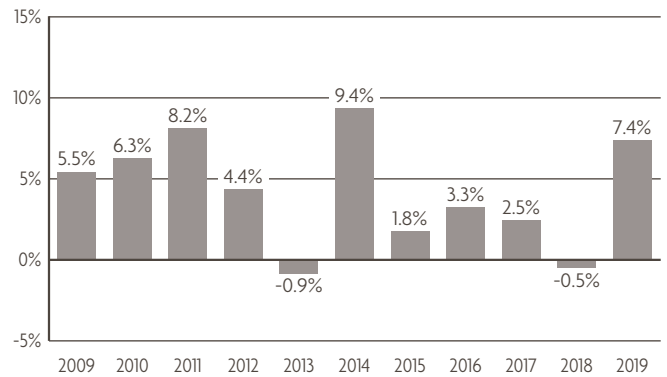


Series F Units – Annual return for the period ended December 31, 2019

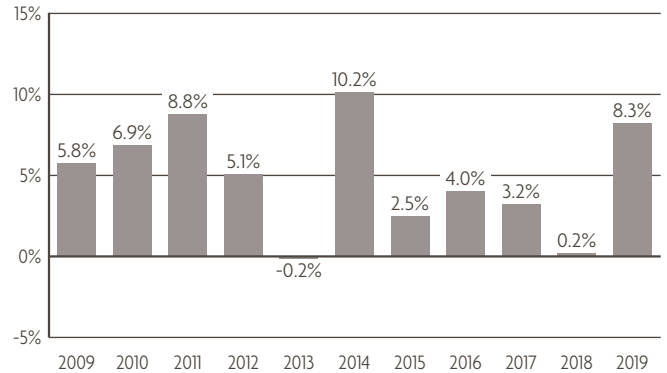


^(*) for the period of April 2, 2012 to December 31, 2012.

Series FX Units – Annual return for the period ended December 31, 2019

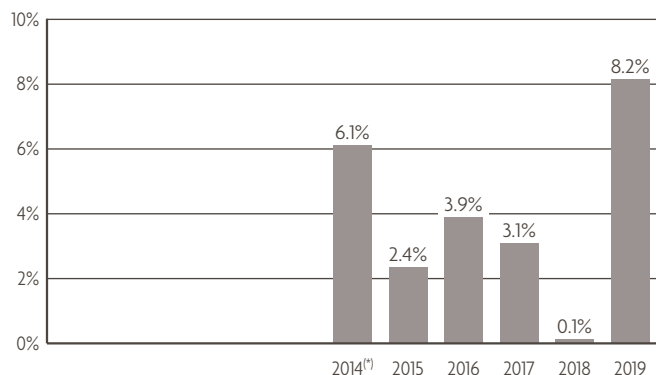


Series I Units – Annual return for the period ended December 31, 2019



Sun Life MFS Canadian Bond Fund

Series O Units – Annual return for the period ended December 31, 2019



⁽¹⁾ for the period of April 1, 2014 to December 31, 2014.

Annual Compound Returns

The table compares the historical annual compound total returns of Series A, D, F, FX, I and O securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the “Benchmark”) is composed of:
FTSE Canada Universe Bond Index

The Series A units underperformed the benchmark over the past ten years, 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⁾⁽⁶⁾
Series A	6.8%	2.4%	2.2%	3.4%	3.5%
Benchmark	6.9%	3.6%	3.2%	4.3%	4.4%
Series D	7.3%	3.0%	2.7%	4.0%	6.6%
Benchmark	6.9%	3.6%	3.2%	4.3%	N/A
Series F	7.5%	3.0%	2.7%	N/A	3.3%
Benchmark	6.9%	3.6%	3.2%	4.3%	3.5%
Series FX	7.4%	3.1%	2.8%	4.1%	4.5%
Benchmark	6.9%	3.6%	3.2%	4.3%	4.5%
Series I	8.3%	3.9%	3.6%	4.9%	5.2%
Benchmark	6.9%	3.6%	3.2%	4.3%	4.6%
Series O	8.2%	3.8%	3.5%	N/A	4.1%
Benchmark	6.9%	3.6%	3.2%	4.3%	3.8%

⁽¹⁾ The performance start date for Series A units was March 31, 2009.

⁽²⁾ The performance start date for Series D units was July 15, 1988.

⁽³⁾ The performance start date for Series F units was March 30, 2012.

⁽⁴⁾ The performance start date for Series FX units was February 13, 2008.

⁽⁵⁾ The performance start date for Series I units was November 28, 2008.

⁽⁶⁾ The performance start date for Series O units was April 1, 2014.

INDEX DESCRIPTION(S)

The FTSE Canada Universe Bond Index is a market capitalization weighted index composed of investment grade, fixed coupon, government and corporate bonds, issued in Canada and denominated in Canadian dollars, with a remaining term to maturity of at least one year.

Summary of Investment Portfolio*

as at December 31, 2019

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Province of Ontario, 2.70%, Jun 02, 2029	5.2
2 Canadian Government Bond, 2.25%, Jun 01, 2029	4.7
3 Canadian Government Bond, 2.50%, Jun 01, 2024	4.5
4 Province of Alberta, 3.45%, Dec 01, 2043	3.6
5 Province of Ontario, 4.70%, Jun 02, 2037	3.0
6 Province of Ontario, 2.40%, Jun 02, 2026	2.9
7 Province of Quebec, 2.75%, Sep 01, 2028	2.8
8 Province of British Columbia, 3.25%, Dec 18, 2021	2.4
9 Province of Quebec, 5.00%, Dec 01, 2038	2.2
10 Province of Manitoba, 4.10%, Mar 05, 2041	2.1
11 The Toronto-Dominion Bank, 2.50%, Dec 02, 2024	1.9
12 Bruce Power LP, 4.01%, Jun 21, 2029	1.9
13 CU Inc., 3.96%, Jul 27, 2045	1.7
14 Province of Ontario, 3.45%, Jun 02, 2045	1.6
15 Bell Canada Inc., 3.80%, Aug 21, 2028	1.5
16 Rogers Communications Inc., 6.56%, Mar 22, 2041	1.4
17 Province of Alberta, 2.90%, Sep 20, 2029	1.4
18 Canadian Government Bond, 3.50%, Dec 01, 2045	1.3
19 Province of Ontario, 4.00%, Jun 02, 2021	1.3
20 Canadian Government Bond, 0.50%, Mar 01, 2022	1.3
21 The Bank of Nova Scotia, 2.84%, Jul 03, 2029	1.3
22 Hydro One Inc., 3.63%, Jun 25, 2049	1.2
23 Dollarama Inc., 3.55%, Nov 06, 2023	1.2
24 Royal Bank of Canada, 4.93%, Jul 16, 2025	1.2
25 Canadian Government Bond, 2.75%, Dec 01, 2064	1.2
	54.8
Total Net Asset Value ('000's)	\$ 147,445

Sector Allocation

	Percentage of Net Asset Value of the Fund %
Canadian Provincial Government Bond	34.8
Canadian Corporate Bond	29.7
Canadian Federal Government Bond	14.5
U.S. Corporate Bond	10.2
International Corporate Bond	6.7
Cash and Cash Equivalents**	2.0
Canadian Municipal Government Bond	1.2
U.S. Government Bond	0.6
Derivatives - Short	0.5
Derivatives - Long	(0.2)
	100.0

Sun Life MFS Canadian Bond Fund

Asset Allocation

	Percentage of Net Asset Value of the Fund %
Canadian Fixed Income	80.2
U.S. Fixed Income	10.8
International Fixed Income	6.7
Cash and Cash Equivalents**	2.0
Derivatives - Short	0.5
Derivatives - Long	(0.2)
	100.0

(*) All information is as at December 31, 2019. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Unless otherwise noted positions are long. 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.

(**) 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. The Manager does not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this document or to reflect new information or the occurrence of unanticipated events, except as required by law.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Sun Life MFS 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.

Sun Life Global Investments (Canada) Inc.
1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6
Telephone: 1-877-344-1434 | Facsimile: 416-979-2859
info@sunlifeglobalinvestments.com
www.sunlifeglobalinvestments.com



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