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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life MFS Dividend Income Class



# Sun Life MFS Dividend Income Class

*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](mailto: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](http://www.sunlifeglobalinvestments.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).*

*Shareholders 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 Dividend Income Class (the "Fund") are to seek income generation and capital appreciation through exposure to primarily dividend or income paying securities, including royalty trust units, real-estate investment trust units and limited partnership units and other exchange-listed participating securities by investing primarily in units of Sun Life MFS Dividend Income Fund or its successor fund (the "underlying Trust Fund").

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

### Risk

The risk-rating for the Fund has changed from "Medium" to "Low to Medium" effective as of July 18, 2019. This change is the result of a review that was conducted as part of Sun Life Global Investments' ongoing fund review process. The investment objectives and strategies of the Fund remain unchanged. The risks associated with investing in the Fund remain as outlined in the Fund's Simplified Prospectus. Sun Life Global Investments reviews the risk rating of funds at least once a year, as well as when a fund undergoes a material change.

### Results of Operations

During the period, the net asset value of the Fund increased from \$23.3 million to \$30.1 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 19.0% for Series A shares, this result lagged the Fund's benchmark, which returned 22.9%. 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.

The Fund currently invests substantially all of its holdings in units of the Sun Life MFS Dividend Income Fund (the "underlying Trust Fund"). The following commentary relates to the underlying Trust Fund.

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Stock selection in the Health Care sector contributed to relative performance. Within this sector, not owning shares of medical cannabis producer Aurora Cannabis bolstered relative performance as the stock underperformed the benchmark. Additionally, the underlying Trust Fund's holdings of pharmaceutical company Eli Lilly boosted performance. Security selection in the Consumer Discretionary and Energy sectors also helped relative returns. Within the Consumer Discretionary sector holdings of bakery retailer Greggs supported relative performance. Within the Energy sector, an overweight position in energy infrastructure services provider TC Energy and not owning shares of natural gas company EnCana helped in relative terms as the former outperformed and latter underperformed the benchmark. Stocks in other sectors that helped relative

# Sun Life MFS Dividend Income Class

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performance included overweight positions in news and information publisher for professional markets Thomson Reuters, wealth management provider Manulife Financial and renewable power generation facilities operator TransAlta Renewables. Additionally, not owning shares of diversified communications and media company Rogers Communications and holdings of insurance provider Zurich Insurance Group further helped relative results as both stocks underperformed the benchmark.

During the reporting period, the underlying Trust Fund's relative currency exposure, resulting primarily from differences between the benchmark's exposures to holdings of securities denominated in foreign currencies, was a detractor from relative performance. All of MFS' investment decisions are driven by the fundamentals of each individual opportunity and as such, it is common for MFS' funds to have different currency exposure than the benchmark.

The underlying Trust Fund's cash and/or cash equivalents position during the period was also a detractor from relative performance. In a period when equity markets rose, as measured by the benchmark, holding cash hurt performance versus the benchmark, which has no cash position.

Security selection in the Materials sector detracted from performance, led by the underlying Trust Fund's holdings of lumber and logs retailer Wester Forest Products. An underweight position and, to a lesser extent, stock selection in the Information Technology sector held back relative results. Within this sector, the underlying Trust Fund has never owned shares of cloud-based commerce platform operator Shopify, which negatively impacted relative performance over the reporting period as the stock outperformed the benchmark. Stock selection in the Consumer Staples sector also hindered relative results. Here, the underlying Trust Fund's position in drug store operator Walgreens Boots Alliance weighted on relative returns. Stocks in other sectors that held back relative performance included overweight positions in methanol producer Methanex, bus and motor coach NFI Group, media and marketing company Transcontinental and financial services provider Toronto Dominion Bank. Additionally, no longer owning shares of asset management company Brookfield Asset Management and the underlying Trust Fund's position in oil and gas company ENI further weighed on relative results as the former outperformed and latter underperformed the benchmark.

## Recent Developments

Sun Life Global Investments (Canada) Inc. (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.

Subsequent to the reporting period, on February 19, 2020, the Manager announced a proposed merger of the Fund into the Sun Life MFS Dividend Income Fund. The proposal is subjected to securityholder and regulatory approvals. The securityholder vote is scheduled to take place on or about May 8, 2020. All costs and expenses associated with the merger is borne by the Manager. In anticipation of the merger, the Fund is closed to new accounts, effective 4:01 p.m. EST, February 26, 2020. If approved, the merger will take effect on or about June 5, 2020.

For the year 2019 overall, Canadian equities fared better than its global equity peers, led by technology stocks, up 65%, and by a strong lift in gold stocks (42%). This was rounded out by near-similar gains in diversified financials and insurers as well as the pipelines and utilities stocks, the latter boosted by falling interest rates in the first three quarters. It was the lowering of global central bank interest rates, aimed at arresting economic sluggishness related to geopolitical factors (trade concerns, energy supply interruptions, the China slowdown, Brexit, etc.) that drove stock market gains throughout the year.

Fading fears of a near-term global recession, the announcement of a partial trade deal between the United States and China and the decline in uncertainty over Brexit helped bolster market sentiment late in the period. Changes in market sentiment, largely driven by uncertainty over the outcome of trade negotiations between the U.S. and China, had contributed to periodic bouts of volatility during the reporting period. The global economy decelerated, led by weakness in China and Europe, although the pace of the slowdown moderated late in the period amid nascent signs of stabilization in the manufacturing sector.

The deteriorating global growth backdrop, along with declining inflationary pressures, prompted the U.S. Federal Reserve to adopt a more dovish posture beginning in early 2019, resulting in the first interest rate cut in over a decade at the end of July, followed by additional cuts in September and October. The Fed's actions led to a sharp decline in long-term interest rates during the period's second half, causing the inversion of the U.S. Treasury yield curve for a time. Amid an improvement in risk sentiment in Q4 2019 and indications of a bottoming in growth and potential upturn in activity, the Fed indicated in October that further rate cuts were unlikely unless the outlook for the economy materially worsened.

Globally, central banks have tilted more dovish as well, with the European Central Bank unveiling a package of easing measures, which included putting overnight rates deeper into negative territory, restarting its bond-buying program and lengthening the term of cheap loans to banks to three years from two. The central banks of India and Australia are among those that have cut rates several times in recent months, although China has been more cautious in increasing liquidity as it keeps trying to deleverage its economy, cutting rates only marginally.

# Sun Life MFS Dividend Income Class

Emerging markets experienced considerable volatility through the end of 2018, as tighter global financial conditions exposed structural weakness in some countries. Those conditions improved in 2019 as the Fed became more dovish.

Notwithstanding the periodic headwinds on market sentiment from significant trade friction between the U.S. and China over much of the year, emerging market hard currency debt and local rates benefited from relatively cheap valuations at the beginning of the period and easier global monetary conditions. These factors, plus the fading of certain global risk factors mentioned above, hastened spread-tightening in the latter part of the period. At the same, issuer-specific risks spiked in some countries (e.g., Argentina and Lebanon), contributing to increased dispersion in performance among sovereign assets.

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. is the manager, 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.

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.

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

## 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 Share (\$)<sup>(1)</sup>

#### Sun Life MFS Dividend Income Class - Series A

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	10.66	12.04	11.65	10.36	11.78
<b>Increase (decrease) from operations:</b>					
Total revenue	0.58	0.55	0.39	0.32	0.36
Total expenses	(0.24)	(0.24)	(0.24)	(0.23)	(0.24)
Realized gains (losses) for the period	0.06	0.05	0.12	(0.02)	0.13
Unrealized gains (losses) for the period	1.68	(1.23)	0.48	1.78	(1.17)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.08</b>	<b>(0.87)</b>	<b>0.75</b>	<b>1.85</b>	<b>(0.92)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.44)	(0.34)	(0.34)	(0.24)	(0.24)
From capital gains	(0.15)	(0.08)	(0.02)	(0.12)	(0.14)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.59)</b>	<b>(0.42)</b>	<b>(0.36)</b>	<b>(0.36)</b>	<b>(0.38)</b>
<b>Net asset value, end of period</b>	<b>12.08</b>	<b>10.66</b>	<b>12.04</b>	<b>11.65</b>	<b>10.36</b>

# Sun Life MFS Dividend Income Class

## Sun Life MFS Dividend Income Class - Series AT5

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	12.15	14.48	14.74	13.78	16.51
<b>Increase (decrease) from operations:</b>					
Total revenue	0.68	0.60	0.46	0.38	0.52
Total expenses	(0.28)	(0.29)	(0.30)	(0.30)	(0.33)
Realized gains (losses) for the period	0.07	0.04	0.13	(0.08)	0.24
Unrealized gains (losses) for the period	1.63	(1.65)	0.27	2.00	(2.41)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.10</b>	<b>(1.30)</b>	<b>0.56</b>	<b>2.00</b>	<b>(1.98)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.49)	(0.39)	(0.41)	(0.30)	(0.32)
From capital gains	(0.15)	(0.10)	(0.02)	(0.16)	(0.20)
Return of capital	(0.61)	(0.72)	(0.74)	(0.69)	(0.83)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.25)</b>	<b>(1.21)</b>	<b>(1.17)</b>	<b>(1.15)</b>	<b>(1.35)</b>
<b>Net asset value, end of period</b>	<b>13.15</b>	<b>12.15</b>	<b>14.48</b>	<b>14.74</b>	<b>13.78</b>

## Sun Life MFS Dividend Income Class - Series F

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.29	12.62	12.07	10.63	11.95
<b>Increase (decrease) from operations:</b>					
Total revenue	0.65	0.59	0.29	0.43	0.32
Total expenses	(0.12)	(0.12)	(0.12)	(0.11)	(0.12)
Realized gains (losses) for the period	0.08	0.05	0.08	0.06	0.14
Unrealized gains (losses) for the period	1.66	(1.25)	0.57	0.34	(0.25)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.27</b>	<b>(0.73)</b>	<b>0.82</b>	<b>0.72</b>	<b>0.09</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.49)	(0.36)	(0.35)	(0.25)	(0.25)
From capital gains	(0.15)	(0.09)	(0.02)	(0.13)	(0.14)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.64)</b>	<b>(0.45)</b>	<b>(0.37)</b>	<b>(0.38)</b>	<b>(0.39)</b>
<b>Net asset value, end of period</b>	<b>12.94</b>	<b>11.29</b>	<b>12.62</b>	<b>12.07</b>	<b>10.63</b>

## Sun Life MFS Dividend Income Class - Series FT5

	2019	2018
	(\$)	(\$)
Net asset value, beginning of period	13.65	15.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.74	0.72
Total expenses	(0.15)	(0.13)
Realized gains (losses) for the period	0.07	0.06
Unrealized gains (losses) for the period	2.02	(0.80)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.68</b>	<b>(0.15)</b>
<b>Distributions:</b>		
From income (excluding dividends)	-	-
From dividends	(0.55)	(0.44)
From capital gains	(0.15)	(0.11)
Return of capital	(0.68)	(0.69)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.38)</b>	<b>(1.24)</b>
<b>Net asset value, end of period</b>	<b>14.95</b>	<b>13.65</b>

## Sun Life MFS Dividend Income Class - Series I

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.50	10.51	9.96	8.67	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.54	0.52	0.36	0.28	0.23
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	0.05	0.05	0.11	-	0.15
Unrealized gains (losses) for the period	1.38	(1.34)	0.43	1.50	(1.36)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.97</b>	<b>(0.77)</b>	<b>0.90</b>	<b>1.78</b>	<b>(0.98)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.40)	(0.30)	(0.29)	(0.20)	(0.20)
From capital gains	(0.15)	(0.07)	(0.02)	(0.10)	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.55)</b>	<b>(0.37)</b>	<b>(0.31)</b>	<b>(0.30)</b>	<b>(0.20)</b>
<b>Net asset value, end of period</b>	<b>10.99</b>	<b>9.50</b>	<b>10.51</b>	<b>9.96</b>	<b>8.67</b>

## Sun Life MFS Dividend Income Class - Series O

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	10.08	11.18	10.60	9.25	10.31
<b>Increase (decrease) from operations:</b>					
Total revenue	0.58	0.49	0.37	0.28	0.34
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.06	0.04	0.11	(0.04)	0.14
Unrealized gains (losses) for the period	1.36	(1.18)	0.46	1.50	(1.69)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.98</b>	<b>(0.67)</b>	<b>0.92</b>	<b>1.72</b>	<b>(1.23)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.43)	(0.32)	(0.31)	(0.22)	(0.21)
From capital gains	(0.15)	(0.08)	(0.02)	(0.11)	(0.12)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.58)</b>	<b>(0.40)</b>	<b>(0.33)</b>	<b>(0.33)</b>	<b>(0.33)</b>
<b>Net asset value, end of period</b>	<b>11.65</b>	<b>10.08</b>	<b>11.18</b>	<b>10.60</b>	<b>9.25</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> 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.

<sup>(3)</sup> Distributions were paid in cash, reinvested in additional shares of the Fund, or both.

## Ratios and Supplemental Data

### Sun Life MFS Dividend Income Class - Series A

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	1,726,426	1,611,345	1,862,308	1,622,817	1,082,487
Number of shares outstanding <sup>(1)</sup>	142,889	151,155	154,652	139,339	104,459
Management expense ratio (%) <sup>(2)</sup>	2.11	2.11	2.17	2.17	2.14
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.11	2.11	2.17	2.17	2.14
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.06	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98	17.13	21.88	34.23
Net asset value per share (\$) <sup>(1)</sup>	12.08	10.66	12.04	11.65	10.36

# Sun Life MFS Dividend Income Class

## Sun Life MFS Dividend Income Class - Series AT5

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	25,897	16,426	46,834	44,283	96,748
Number of shares outstanding <sup>(1)</sup>	1,969	1,352	3,234	3,004	7,020
Management expense ratio (%) <sup>(2)</sup>	2.15	2.18	2.24	2.24	2.15
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.15	2.18	2.24	2.24	2.15
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.06	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98	17.13	21.88	34.23
Net asset value per share (\$) <sup>(1)</sup>	13.15	12.15	14.48	14.74	13.78

## Sun Life MFS Dividend Income Class - Series F

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	337,216	189,663	148,132	1,014,029	56,038
Number of shares outstanding <sup>(1)</sup>	26,062	16,796	11,740	84,001	5,273
Management expense ratio (%) <sup>(2)</sup>	1.02	1.02	1.07	1.05	1.10
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.02	1.02	1.07	1.05	1.10
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.06	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98	17.13	21.88	34.23
Net asset value per share (\$) <sup>(1)</sup>	12.94	11.29	12.62	12.07	10.63

## Sun Life MFS Dividend Income Class - Series FT5

	2019	2018
Total net asset value (\$) <sup>(1)</sup>	11,960	9,917
Number of shares outstanding <sup>(1)</sup>	800	726
Management expense ratio (%) <sup>(2)</sup>	1.02	1.00
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.02	1.00
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98
Net asset value per share (\$) <sup>(1)</sup>	14.95	13.65

## Sun Life MFS Dividend Income Class - Series I

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	27,072,554	20,874,355	13,300,051	7,095,170	2,245,106
Number of shares outstanding <sup>(1)</sup>	2,463,349	2,197,413	1,265,273	712,690	258,831
Management expense ratio (%) <sup>(2)</sup>	0.06	0.06	0.06	0.06	0.04
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.06	0.06	0.06	0.06	0.04
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.06	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98	17.13	21.88	34.23
Net asset value per share (\$) <sup>(1)</sup>	10.99	9.50	10.51	9.96	8.67

## Sun Life MFS Dividend Income Class - Series O

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	947,686	624,887	1,198,152	938,276	1,099,649
Number of shares outstanding <sup>(1)</sup>	81,360	61,964	107,194	88,489	118,841
Management expense ratio (%) <sup>(2)</sup>	0.22	0.22	0.22	0.22	0.21
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.22	0.22	0.22	0.22	0.21
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.06	0.07	0.06
Portfolio turnover rate (%) <sup>(4)</sup>	10.41	11.98	17.13	21.88	34.23
Net asset value per share (\$) <sup>(1)</sup>	11.65	10.08	11.18	10.60	9.25

<sup>(1)</sup> This information is provided as at December 31 of the period shown, as applicable.

<sup>(2)</sup> 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.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

<sup>(4)</sup> The Fund's portfolio turnover ratio indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover ratio in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

## 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 (%) <sup>(*)</sup>	General Administration, Investment Advice and Profit (%)
Series A Shares	1.70	46	54
Series AT5 Shares	1.70	53	47
Series F Shares	0.70	–	100
Series FT5 Shares	0.70	–	100
Series I Shares <sup>(†)</sup>	–	–	–
Series O Shares <sup>(†)</sup>	0.70	–	–

<sup>(\*)</sup> Includes sales and trailing commissions.

<sup>(†)</sup> Series O management fees are not paid by the Fund. Series O investors pay management fees directly to the manager.

<sup>(†)</sup> 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 Dividend Income Class

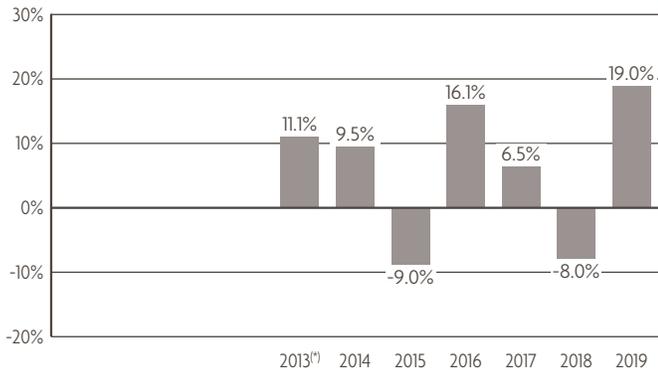
## Past Performance

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 shareholder 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

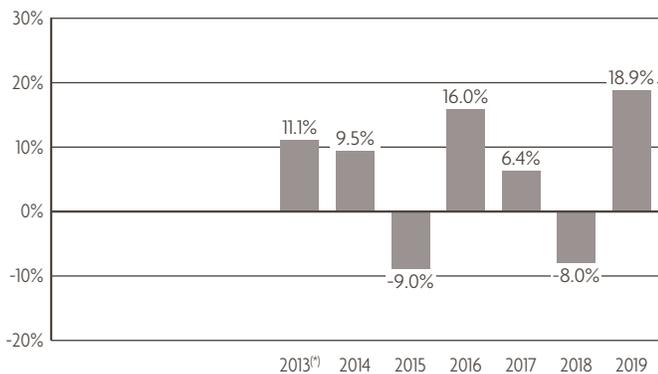
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

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



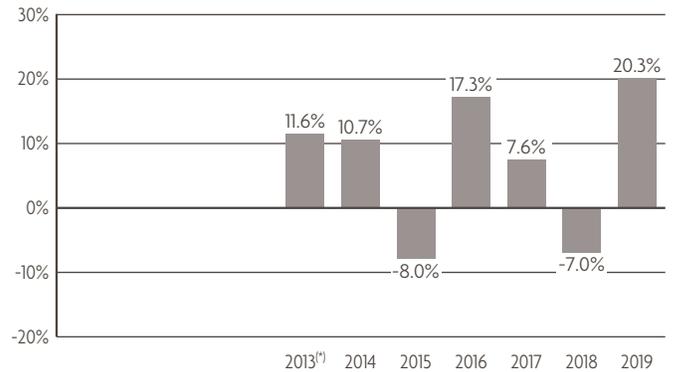
<sup>(\*)</sup> for the period of August 1, 2013 to December 31, 2013.

**Series AT5 Shares – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of August 1, 2013 to December 31, 2013.

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



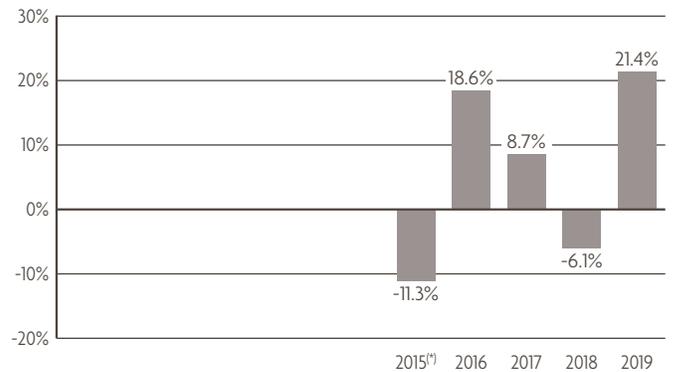
<sup>(\*)</sup> for the period of August 1, 2013 to December 31, 2013.

**Series FT5 Shares – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of February 9, 2018 to December 31, 2018.

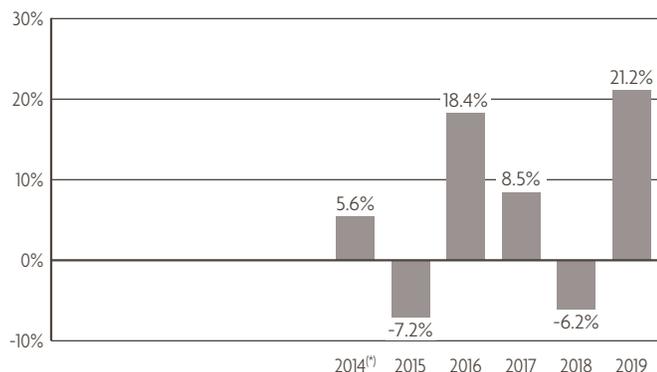
**Series I Shares – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of May 1, 2015 to December 31, 2015.

# Sun Life MFS Dividend Income Class

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



<sup>(1)</sup> 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, AT5, F, FT5, I and O securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the “Benchmark”) is composed of:  
S&P/TSX Composite Index

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

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)(4)(5)(6)</sup>
Series A	19.0%	5.2%	4.3%	N/A	6.5%
Series AT5	18.9%	5.2%	4.2%	N/A	6.5%
Series F	20.3%	6.4%	5.4%	N/A	7.7%
Benchmark	22.9%	6.9%	6.3%	N/A	8.2%
Broad-based index	22.9%	6.9%	6.3%	6.9%	8.2%
Series FT5	20.3%	N/A	N/A	N/A	9.6%
Benchmark	22.9%	6.9%	6.3%	N/A	10.2%
Broad-based index	22.9%	6.9%	6.3%	6.9%	10.2%
Series I	21.4%	7.4%	N/A	N/A	5.9%
Benchmark	22.9%	6.9%	6.3%	N/A	5.6%
Broad-based index	22.9%	6.9%	6.3%	6.9%	5.6%
Series O	21.2%	7.3%	6.3%	N/A	6.4%
Benchmark	22.9%	6.9%	6.3%	N/A	6.2%
Broad-based index	22.9%	6.9%	6.3%	6.9%	6.2%

<sup>(1)</sup> The performance start date for Series A shares was August 1, 2013.

<sup>(2)</sup> The performance start date for Series AT5 shares was August 1, 2013.

<sup>(3)</sup> The performance start date for Series F shares was August 1, 2013.

<sup>(4)</sup> The performance start date for Series FT5 shares was February 9, 2018.

<sup>(5)</sup> The performance start date for Series I shares was May 1, 2015.

<sup>(6)</sup> The performance start date for Series O shares was April 1, 2014.

## INDEX DESCRIPTION(S)

The S&P/TSX Composite Index is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

## Summary of Investment Portfolio\*

as at December 31, 2019

## Top 25 Investments<sup>†</sup>

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 The Toronto-Dominion Bank	8.2
2 Royal Bank of Canada	6.8
3 Manulife Financial Corp.	5.3
4 Enbridge Inc.	5.2
5 TC Energy Corp.	5.0
6 TELUS Corp.	4.1
7 Suncor Energy Inc.	3.7
8 Granite Real Estate Investment Trust	3.1
9 Thomson Reuters Corp.	3.0
10 Superior Plus Corp.	2.6
11 Canadian Pacific Railway Ltd.	2.5
12 The Bank of Nova Scotia	2.4
13 Roche Holding AG	2.0
14 Citigroup Inc.	1.9
15 Intesa Sanpaolo SpA	1.8
16 Magna International Inc.	1.7
17 Greggs PLC	1.7
18 Open Text Corp.	1.6
19 Fairfax Financial Holdings Ltd.	1.6
20 Emera Inc.	1.6
21 Eli Lilly & Co.	1.6
22 Nutrien Ltd.	1.5
23 NFI Group Inc.	1.4
24 Enterprise Products Partners LP	1.4
25 Franco-Nevada Corp.	1.3
	<b>73.0</b>

Total Net Asset Value ('000's) \$ **30,122**

## Sector Allocation<sup>†</sup>

	Percentage of Net Asset Value of the Fund %
Financials	33.2
Energy	19.3
Industrials	9.1
Utilities	7.0
Materials	6.7
Consumer Discretionary	5.2
Communication Services	4.1
Real Estate	4.0
Health Care	3.8
Information Technology	2.9
Cash and Cash Equivalents**	2.5
Consumer Staples	2.2
	<b>100.0</b>

# Sun Life MFS Dividend Income Class

## Asset Allocation†

	Percentage of Net Asset Value of the Fund %
Canadian Equities	77.4
International Equities	11.4
U.S. Equities	8.7
Cash and Cash Equivalents**	2.5
	<b>100.0</b>

(†) 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](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

(‡) The Fund invests substantially all of its assets directly in the underlying Trust Fund. The summary of investment portfolio for the Fund presents the investments as a percentage of the net asset value of the underlying Trust Fund.

(\*\*) 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 Dividend Income Class

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) or [www.sedar.com](http://www.sedar.com).

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