
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life MFS Monthly Income Fund



Sun Life MFS Monthly Income Fund

This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the annual financial statements by calling 1-877-344-1434, by sending an email to us at info@sunlifeglobalinvestments.com or by writing to us at Sun Life Global Investments (Canada) Inc., 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 Monthly Income Fund (the "Fund") are to seek to provide a consistent level of regular income with capital appreciation as a secondary objective over the long term, by investing primarily in income producing equity and debt securities.

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 objectives, the sub-advisor invests in a combination of income-generating equity securities and debt instruments with no more than 70% of the Fund's portfolio in Canadian securities and at least 30% of the Fund's portfolio in non-Canadian securities to provide diversification. The Fund may invest in issuers of any size but primarily focuses on large and medium sized issuers with an emphasis on dividend or income paying securities. In respect of equity securities, the Fund may invest in dividend or income paying securities, including royalty trust units, real estate investment trust units and limited partnership units and other exchange-listed participating securities, or warrants on dividend or income paying securities. In respect of debt instruments, the Fund uses a combination of bottom-up credit research and top-down macro analysis in constructing a diversified fixed income portfolio. The Fund will primarily invest in debt instruments rated investment grade but may also invest in non-investment grade 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 \$21.2 million to \$27.2 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 13.6% for Series A units, this result lagged the Fund's benchmark, which returned 14.8%. The broad-based index 1 returned 21.2% and the broad-based index 2 returned 1.4%. 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.

Within the equity portion of the Fund, stock selection within the Health Care, Consumer Discretionary and Energy sectors benefited relative performance. Within the Health Care sector, the Fund's holding of pharmaceutical company Eli Lilly and avoiding medical cannabis producer Aurora Cannabis contributed to relative results as the former contributed to performance and the latter held back performance. Within the Consumer Discretionary sector, the Fund's position in bakery retailer Greggs helped relative returns. Within the Energy sector, owning energy infrastructure services provider TC Energy and avoiding poor-performing natural gas company EnCana further boosted relative results as the former outperformed and the latter underperformed the equity benchmark. Elsewhere, overweight holdings of news and information publisher for professional markets Thomson Reuters, financial protection and wealth management provider Manulife Financial and renewable power generation facilities operator TransAlta Renewables helped relative returns. Avoiding diversified communications and media company Rogers Communications further bolstered relative results as the stock underperformed the equity benchmark. The Fund's position in shares of insurance provider Zurich Insurance Group also contributed to relative performance.

Within the fixed income segment, the Fund's exposure to U.S. bonds contributed to performance. U.S. Treasury yields fell more than Government of Canada yields as the market adjusted expectations for a rate cut by the U.S. Federal Reserve from previous expectations of a rate hike. The Fund's preference for industrial bonds and energy bonds further added value.

During the reporting period, the Fund's currency exposure, resulting primarily from the portfolio's exposures to holdings of securities denominated in foreign currencies, was another contributor to relative performance.

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Within the equity portion of the Fund, stock selection within the Materials sector detracted from performance during the reporting period. Within this sector, the Fund's overweight holdings of methanol producer Methanex and paper and lumber and logs seller Western Forest Products held back relative results as both stocks underperformed the equity benchmark. A combination of underweight and security selection within the Information Technology sector further weakened relative performance. The Fund's holdings of drug store operator Walgreens Boots Alliance and oil and natural gas company ENI weighed on relative performance as both stocks underperformed the equity benchmark. The Fund's overweight positions in shares of bus and motor coach parts manufacturer NFI Group, media and marketing company Transcontinental and apparel company Gildan Activewear further held back relative returns as these stocks underperformed the equity benchmark.

The Fund's cash and/or cash equivalents position during the period was also a detractor from relative performance. Under normal market conditions, the portfolio strives to be fully invested and generally holds cash to buy new holdings, provide liquidity and facilitate redemptions. In a period when equity markets appreciated, as measured by the benchmark, holding cash hurt performance versus the benchmark, which has no cash position.

Within the fund's fixed income segment, the Fund's preference for provincial bonds hurt relative 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.

On February 19, 2020, the Manager announced a proposed merger of the Fund into the Sun Life Granite Income Portfolio. The proposal is subject 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 will be borne by the Manager. In anticipation of the merger, the Fund is closed to investment in new accounts, effective 4:01 p.m. ET on February 26, 2020. If approved, the merger will take effect on or about June 5, 2020.

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 accommodating 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 portions 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 accommodating as well, with the European Central Bank unveiling a package of easing measures, which included reducing overnight rates further, 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, with China cutting rates only marginally as it keeps trying to deleverage its economy.

Market volatility improved in 2019 as the Fed became more accommodating. Despite the trade friction between the U.S. and China over much of the year, emerging market debts benefited from relatively cheap valuations at the beginning of the period and easier global monetary conditions.

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.

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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 Monthly Income Fund - Series A

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	10.20	11.09	11.21	10.52	11.32
Increase (decrease) from operations:					
Total revenue	0.39	0.38	0.38	0.39	0.43
Total expenses	(0.19)	(0.19)	(0.20)	(0.19)	(0.19)
Realized gains (losses) for the period	0.17	(0.06)	0.71	(0.02)	(0.17)
Unrealized gains (losses) for the period	1.01	(0.65)	(0.33)	0.89	(0.47)
Total increase (decrease) from operations⁽²⁾	1.38	(0.52)	0.56	1.07	(0.40)
Distributions:					
From income (excluding dividends)	(0.15)	(0.27)	(0.33)	(0.11)	(0.27)
From dividends	(0.16)	-	-	(0.14)	-
From capital gains	-	-	(0.36)	-	-
Return of capital	(0.05)	(0.09)	-	(0.11)	(0.09)
Total annual distributions⁽³⁾	(0.36)	(0.36)	(0.69)	(0.36)	(0.36)
Net asset value, end of period	11.22	10.20	11.09	11.21	10.52

Sun Life MFS Monthly Income Fund - Series T5

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.54	15.00	15.42	14.70	16.11
Increase (decrease) from operations:					
Total revenue	0.52	0.51	0.52	0.54	0.60
Total expenses	(0.26)	(0.26)	(0.27)	(0.26)	(0.28)
Realized gains (losses) for the period	0.23	(0.07)	0.92	(0.03)	(0.27)
Unrealized gains (losses) for the period	1.31	(0.89)	(0.37)	1.20	(0.68)
Total increase (decrease) from operations⁽²⁾	1.80	(0.71)	0.80	1.45	(0.63)
Distributions:					
From income (excluding dividends)	-	-	(0.68)	(0.23)	(0.62)
From dividends	-	-	-	(0.28)	-
From capital gains	-	-	(0.48)	-	-
Return of capital	(0.68)	(0.75)	(0.03)	(0.23)	(0.19)
Total annual distributions⁽³⁾	(0.68)	(0.75)	(1.19)	(0.74)	(0.81)
Net asset value, end of period	14.68	13.54	15.00	15.42	14.70

Sun Life MFS Monthly Income Fund

Sun Life MFS Monthly Income Fund - Series F

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	10.67	11.51	11.56	10.78	11.52
Increase (decrease) from operations:					
Total revenue	0.42	0.40	0.39	0.38	0.46
Total expenses	(0.12)	(0.12)	(0.14)	(0.13)	(0.13)
Realized gains (losses) for the period	0.28	(0.06)	0.71	(0.12)	(0.08)
Unrealized gains (losses) for the period	0.78	(0.74)	(0.32)	0.84	(0.31)
Total increase (decrease) from operations⁽²⁾	1.36	(0.52)	0.64	0.97	(0.06)
Distributions:					
From income (excluding dividends)	(0.15)	(0.27)	(0.33)	(0.11)	(0.27)
From dividends	(0.16)	-	-	(0.14)	-
From capital gains	-	-	(0.37)	-	-
Return of capital	(0.05)	(0.09)	-	(0.11)	(0.09)
Total annual distributions⁽³⁾	(0.36)	(0.36)	(0.70)	(0.36)	(0.36)
Net asset value, end of period	11.83	10.67	11.51	11.56	10.78

Sun Life MFS Monthly Income Fund - Series F5

	2019	2018
	(\$)	(\$)
Net asset value, beginning of period	14.33	15.00
Increase (decrease) from operations:		
Total revenue	0.55	0.50
Total expenses	(0.17)	(0.15)
Realized gains (losses) for the period	0.24	(0.09)
Unrealized gains (losses) for the period	1.43	(0.24)
Total increase (decrease) from operations⁽²⁾	2.05	0.02
Distributions:		
From income (excluding dividends)	-	(0.52)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.72)	(0.17)
Total annual distributions⁽³⁾	(0.72)	(0.69)
Net asset value, end of period	15.63	14.33

Sun Life MFS Monthly Income Fund - Series I

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.58	12.35	12.25	11.29	11.94
Increase (decrease) from operations:					
Total revenue	0.45	0.43	0.42	0.42	0.44
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	0.23	(0.05)	0.81	(0.01)	(0.23)
Unrealized gains (losses) for the period	1.02	(0.75)	(0.39)	0.92	(0.36)
Total increase (decrease) from operations⁽²⁾	1.69	(0.38)	0.83	1.32	(0.16)
Distributions:					
From income (excluding dividends)	(0.15)	(0.27)	(0.33)	(0.11)	(0.27)
From dividends	(0.16)	-	-	(0.14)	-
From capital gains	-	-	(0.40)	-	-
Return of capital	(0.05)	(0.09)	-	(0.11)	(0.09)
Total annual distributions⁽³⁾	(0.36)	(0.36)	(0.73)	(0.36)	(0.36)
Net asset value, end of period	12.99	11.58	12.35	12.25	11.29

Sun Life MFS Monthly Income Fund - Series O

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	9.70	10.42	10.41	9.66	10.27
Increase (decrease) from operations:					
Total revenue	0.37	0.36	0.35	0.36	0.38
Total expenses	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
Realized gains (losses) for the period	0.09	(0.05)	0.67	-	(0.21)
Unrealized gains (losses) for the period	1.13	(0.67)	(0.32)	0.73	(0.72)
Total increase (decrease) from operations⁽²⁾	1.57	(0.38)	0.67	1.07	(0.57)
Distributions:					
From income (excluding dividends)	(0.15)	(0.27)	(0.33)	(0.11)	(0.27)
From dividends	(0.16)	-	-	(0.14)	-
From capital gains	-	-	(0.33)	-	-
Return of capital	(0.05)	(0.09)	-	(0.11)	(0.09)
Total annual distributions⁽³⁾	(0.36)	(0.36)	(0.66)	(0.36)	(0.36)
Net asset value, end of period	10.81	9.70	10.42	10.41	9.66

⁽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 Monthly Income Fund - Series A

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	13,413,372	11,031,148	13,253,172	13,100,103	9,528,746
Number of units outstanding ⁽¹⁾	1,195,564	1,081,281	1,194,849	1,168,310	905,511
Management expense ratio (%) ⁽²⁾	1.62	1.62	1.63	1.63	1.62
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.62	1.62	1.63	1.63	1.62
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.03
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22	38.29	35.75	32.68
Net asset value per unit (\$) ⁽¹⁾	11.22	10.20	11.09	11.21	10.52

Sun Life MFS Monthly Income Fund - Series T5

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	311,370	273,445	339,174	440,359	262,796
Number of units outstanding ⁽¹⁾	21,216	20,203	22,611	28,554	17,874
Management expense ratio (%) ⁽²⁾	1.64	1.65	1.65	1.64	1.64
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.64	1.65	1.65	1.64	1.64
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.03
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22	38.29	35.75	32.68
Net asset value per unit (\$) ⁽¹⁾	14.68	13.54	15.00	15.42	14.70

Sun Life MFS Monthly Income Fund - Series F

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	810,616	520,802	523,996	660,182	25,359
Number of units outstanding ⁽¹⁾	68,531	48,817	45,533	57,106	2,353
Management expense ratio (%) ⁽²⁾	0.96	0.97	1.10	1.08	1.07
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.96	0.97	1.10	1.08	1.07
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.03
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22	38.29	35.75	32.68
Net asset value per unit (\$) ⁽¹⁾	11.83	10.67	11.51	11.56	10.78

Sun Life MFS Monthly Income Fund

Sun Life MFS Monthly Income Fund - Series F5

	2019	2018
Total net asset value (\$) ⁽¹⁾	11,484	10,018
Number of units outstanding ⁽¹⁾	735	699
Management expense ratio (%) ⁽²⁾	1.02	1.00
Management expense ratio before waivers or absorption (%) ⁽²⁾	1.02	1.00
Trading expense ratio (%) ⁽³⁾	0.02	0.02
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22
Net asset value per unit (\$) ⁽¹⁾	15.63	14.33

Sun Life MFS Monthly Income Fund - Series I

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	11,261,686	7,772,316	6,705,950	4,355,960	2,489,366
Number of units outstanding ⁽¹⁾	867,160	671,334	543,204	355,517	220,459
Management expense ratio (%) ⁽²⁾	0.06	0.06	0.06	0.06	0.06
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.06	0.06	0.06	0.06	0.06
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.03
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22	38.29	35.75	32.68
Net asset value per unit (\$) ⁽¹⁾	12.99	11.58	12.35	12.25	11.29

Sun Life MFS Monthly Income Fund - Series O

	2019	2018	2017	2016	2015
Total net asset value (\$) ⁽¹⁾	1,422,480	1,590,346	2,181,681	1,837,720	1,194,942
Number of units outstanding ⁽¹⁾	131,552	163,875	209,390	176,562	123,756
Management expense ratio (%) ⁽²⁾	0.17	0.17	0.23	0.22	0.22
Management expense ratio before waivers or absorption (%) ⁽²⁾	0.17	0.17	0.23	0.22	0.22
Trading expense ratio (%) ⁽³⁾	0.02	0.02	0.03	0.04	0.03
Portfolio turnover rate (%) ⁽⁴⁾	41.12	26.22	38.29	35.75	32.68
Net asset value per unit (\$) ⁽¹⁾	10.81	9.70	10.42	10.41	9.66

⁽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:

	Maximum Annual Management Fee Rate (%)	As a Percentage of Management Fees	
		Dealer Compensation (%) ^(*)	General Administration, Investment Advice and Profit (%)
Series A Units	1.25	33	67
Series T5 Units	1.25	31	69
Series F Units	0.75	—	100
Series F5 Units	0.75	—	100
Series I Units ^(†)	—	—	—
Series O Units ^(††)	0.75	—	—

^(*) 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.

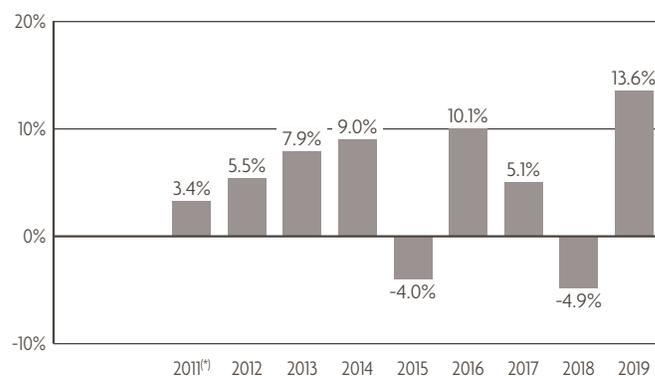
Past Performance

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.

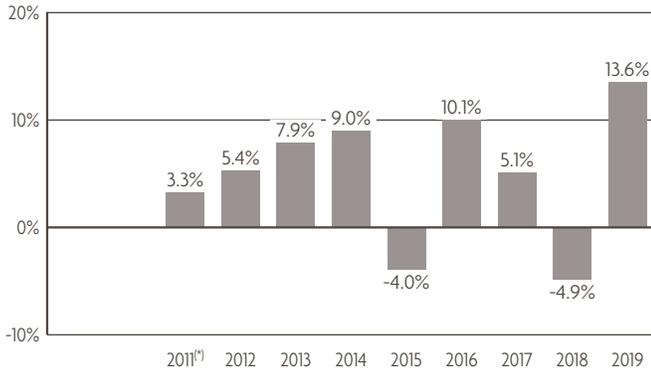
Series A Units – Annual return for the period ended December 31, 2019



^(*) for the period of September 1, 2011 to December 31, 2011.

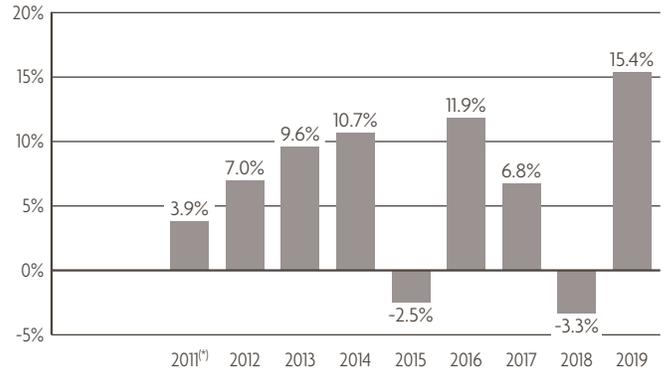
Sun Life MFS Monthly Income Fund

Series T5 Units – Annual return for the period ended December 31, 2019



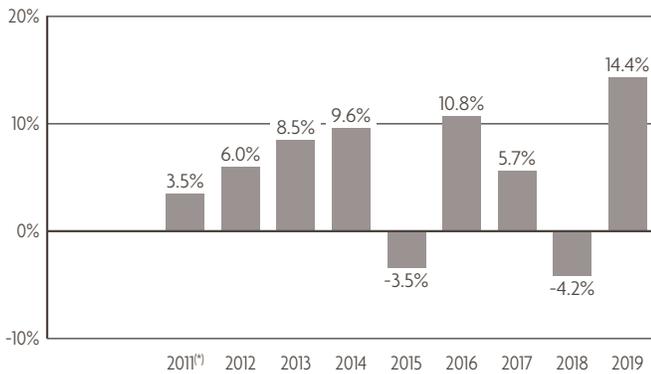
^(*) for the period of September 1, 2011 to December 31, 2011.

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



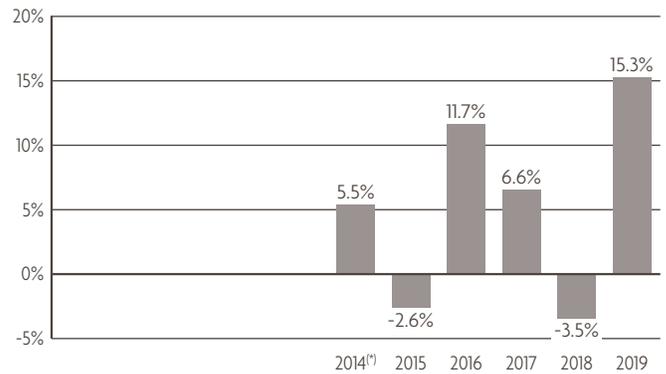
^(*) for the period of September 1, 2011 to December 31, 2011.

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



^(*) for the period of September 1, 2011 to December 31, 2011.

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



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

Series F5 Units – Annual return for the period ended December 31, 2019



^(*) for the period of February 9, 2018 to December 31, 2018.

Annual Compound Returns

The table compares the historical annual compound total returns of Series A, T5, F, F5, I and O securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the “Benchmark”) is composed of:
 50.0% S&P/TSX Capped Composite Index
 50.0% FTSE Canada Universe Bond Index

The Series A units underperformed the benchmark over the past five years, over the past three years, and over the past year. The Series A units performed in-line with the benchmark since inception.

The following are the broad-based index or indices:

- Broad-based index 1 - MSCI World Index C\$
- Broad-based index 2 - Bloomberg Barclays Global Aggregate Bond Index C\$

Sun Life MFS Monthly Income Fund

	1 Year	3 Year	5 Year	10 Year	Performance Start Date ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾
Series A	13.6%	4.4%	3.7%	N/A	5.3%
Series T5	13.6%	4.3%	3.7%	N/A	5.3%
Series F	14.4%	5.0%	4.4%	N/A	5.9%
Benchmark	14.8%	5.3%	4.8%	N/A	5.3%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	14.3%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	4.9%
Series F5	14.3%	N/A	N/A	N/A	7.3%
Benchmark	14.8%	5.3%	4.8%	N/A	7.8%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	11.7%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	4.5%
Series I	15.4%	6.0%	5.4%	N/A	7.0%
Benchmark	14.8%	5.3%	4.8%	N/A	5.3%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	14.3%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	4.9%
Series O	15.3%	5.9%	5.2%	N/A	5.5%
Benchmark	14.8%	5.3%	4.8%	N/A	5.1%
Broad-based index 1	21.2%	11.3%	11.2%	11.8%	11.3%
Broad-based index 2	1.4%	3.1%	4.6%	N/A	4.6%

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

⁽²⁾ The performance start date for Series T5 units was September 1, 2011.

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

⁽⁴⁾ The performance start date for Series F5 units was February 9, 2018.

⁽⁵⁾ The performance start date for Series I units was September 1, 2011.

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

INDEX DESCRIPTION(S)

The S&P/TSX Capped Composite Index imposes capped weights of 10% on all of the constituents included in the S&P/TSX Composite. The S&P/TSX Composite covers approximately 95% of the Canadian equities market, and has been the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies since 1977.

The 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.

The MSCI World Index is a free float adjusted market capitalization index that is designed to measure global developed market equity performance.

The Bloomberg Barclays Global Aggregate Bond Index measures the performance of the global investment-grade fixed-rate debt markets. It is composed of government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

Summary of Investment Portfolio*

as at December 31, 2019

Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 United States Treasury Note, 2.00%, Feb 15, 2025	5.0
2 The Toronto-Dominion Bank	3.9
3 Royal Bank of Canada	3.3
4 United States Treasury Note, 2.50%, Feb 15, 2045	2.9
5 Canadian Treasury Bill, 1.66%, Mar 05, 2020	2.9
6 Manulife Financial Corp.	2.5
7 Enbridge Inc.	2.5
8 TC Energy Corp.	2.4
9 United States Treasury Note, 2.88%, May 15, 2049	2.1
10 TELUS Corp.	1.9
11 Suncor Energy Inc.	1.8
12 United States Treasury Note, 5.00%, May 15, 2037	1.7
13 Granite Real Estate Investment Trust	1.5
14 Thomson Reuters Corp.	1.4
15 United States Treasury Note, 2.63%, Feb 15, 2029	1.4
16 United States Treasury Note, 3.00%, May 15, 2042	1.3
17 Superior Plus Corp.	1.2
18 Canadian Pacific Railway Ltd.	1.2
19 The Bank of Nova Scotia	1.1
20 Canadian Treasury Bill, 1.66%, Jan 09, 2020	1.1
21 Canadian Treasury Bill, 1.66%, Feb 06, 2020	1.1
22 Berkshire Hathaway Inc., 3.40%, Jan 31, 2022	1.1
23 Eni SpA, 4.25%, May 09, 2029	1.0
24 AT&T Inc., 4.50%, May 15, 2035	1.0
25 The Kroger Co., 3.40%, Apr 15, 2022	1.0
48.3	
Total Net Asset Value ('000's)	\$ 27,231

Sector Allocation

	Percentage of Net Asset Value of the Fund %
Government and Guaranteed Bonds	16.1
U.S. Corporate Bond	16.0
Financials	16.0
Canadian Corporate Bond	10.2
Energy	9.4
Cash and Cash Equivalents**	6.0
Industrials	4.3
International Corporate Bond	4.2
Utilities	3.3
Materials	3.2
Consumer Discretionary	2.5
Real Estate	1.9
Communication Services	1.9
Health Care	1.8
Information Technology	1.4
Consumer Staples	1.0
Derivatives - Short	0.8
100.0	

Sun Life MFS Monthly Income Fund

Asset Allocation

	Percentage of Net Asset Value of the Fund %
Canadian Equities	37.0
U.S. Fixed Income	31.4
Canadian Fixed Income	10.9
Cash and Cash Equivalents**	6.0
International Equities	5.5
U.S. Equities	4.2
International Fixed Income	4.2
Derivatives - Short	0.8
	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 Monthly Income Fund

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

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

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



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