

Sun Life MFS U.S. Growth Fund

FUND REVIEW | Q2 2018

INSTITUTIONAL USE ONLY.

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and Morningstar; opinions and data as of June 30, 2018.

INVESTMENT OBJECTIVE

The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of issuers located in the United States that are considered to have above-average earnings growth potential compared to other companies.

MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

SUB-ADVISOR

MFS Institutional Advisors, Inc.
(MFS Investment Management)
Boston, Massachusetts

INCEPTION DATE

October 1, 2010

TOTAL ASSETS

\$1,252,792,058

BENCHMARK

Russell 1000 Index

PERFORMANCE SUMMARY

Opinions and data for "PERFORMANCE SUMMARY" provided by MFS Institutional Advisors

The Sun Life MFS U.S. Growth Fund (Series I) returned 8.7% in the second quarter, outperforming its benchmark by roughly 3.7 percentage points.

The U.S. market, as measured by the Russell 1000 Index, grinded higher throughout the second quarter and ended the period above where it had started. The market looked to balance the positive impact of recent tax cuts with concerns over higher interest rates and retaliation from foreign countries for recently imposed U.S. tariffs.

With exception to small cap stocks, growth-style investing continued to outperform value-style. Consumer discretionary and technology sectors continued to outperform the broader market. In addition, small cap stocks outperformed mid and large caps with the belief that they would see less impact from a possible trade war.

Sparked by the approval of AT&T acquisition of Time Warner Inc., and followed by the bidding war between Comcast and Disney, the portfolio manager expects to see more deal-making within the media industry. Technology and internet platforms offer a direct business-to-customer model, presenting a headwind to larger players in the media industry. The portfolio manager believes selection and avoidance in media will continue to be an alpha source going forward.

Key contributors

- Industrials sector
 - An underweight position in the sector contributed to relative performance as the sector underperformed the broader market
- Netflix Inc.
 - Stock advanced as the company announced the fastest year-over-year revenue growth in its history

Key detractors

- Philip Morris International
 - An overweight position in the tobacco producer detracted from performance. Shares declined on concerns over the company's long term growth prospects
- Morgan Stanley
 - Shares traded lower as investors questioned the ability of banks to maintain record profitability going forward

PERFORMANCE

SERIES I

ROLLING % ¹	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	8.74	17.82	27.40	17.38	21.47	19.99	19.54
Benchmark	5.67	7.98	16.01	13.61	18.49	18.24	17.95
+ / -	3.07	9.83	11.39	3.77	2.98	1.75	1.59

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ²
Fund	17.82	22.91	-0.55	28.13	18.62	45.60	14.76	1.95	8.89
Benchmark	7.98	13.69	8.18	21.03	23.44	42.04	13.84	4.01	7.47
+ / -	9.83	9.22	-8.73	7.10	-4.82	3.56	0.92	-2.06	1.42

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	1.68	1.08	11.64	3.59	111.99	104.40
Benchmark	1.75	1.00	9.65	3.81	100.00	100.00

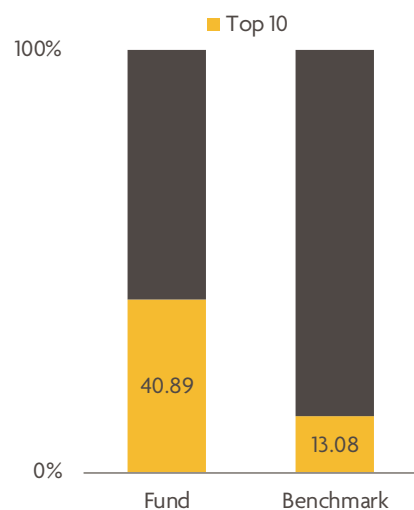
When comparing the fund's performance with its benchmark, note the fund is a value oriented mutual fund while the index is a basket of unmanaged securities with no style bias and which does not incur fees and expenses that may reduce returns. It is not possible to invest directly in an index.

¹Returns for periods longer than one year are annualized

²Partial calendar year. Returns are for the period from the fund's inception date of October 1, 2010 to December 31, 2010.

³Data based on 5-year period ending June 30, 2018.

HOLDINGS ANALYSIS

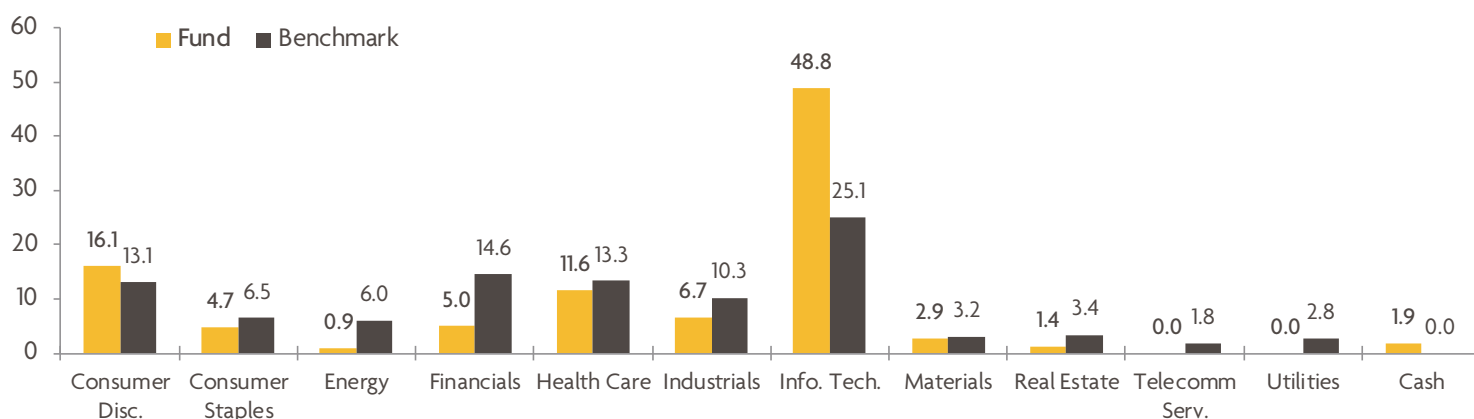


TOP 10 HOLDINGS

	FUND %	BENCHMARK %	+ / -
AMAZON.COM	6.30	2.68	3.62
MICROSOFT	5.82	2.89	2.92
FACEBOOK	4.81	1.79	3.02
VISA	4.32	0.92	3.41
ADOBE SYSTEMS	4.15	0.46	3.69
ALPHABET INC - CL A	4.15	1.32	2.83
MASTERCARD	3.51	0.70	2.81
NETFLIX.COM	3.00	0.63	2.37
SALESFORCE.COM	2.44	0.37	2.06
ALPHABET INC - CL C	2.40	1.32	1.08
Top 10 holdings % of net assets	40.89	13.08	
Total # fund holdings	89		

Holdings may change at any time without notice.

SECTOR BREAKDOWN (%)



Source: MFS Institutional Advisors

ATTRIBUTION ANALYSIS (SERIES I)

SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	16.05	13.06	3.00	2.17	1.30	0.88
Consumer Staples	4.71	6.50	-1.79	-0.33	-0.05	-0.28
Energy	0.88	6.03	-5.15	0.05	0.96	-0.91
Financials	5.04	14.58	-9.53	-0.03	-0.15	0.12
Health Care	11.64	13.33	-1.68	0.41	0.76	-0.35
Industrials	6.68	10.28	-3.60	0.17	-0.06	0.23
Information Technology	48.84	25.06	23.78	6.11	2.27	3.84
Materials	2.87	3.18	-0.31	0.31	0.16	0.15
Real Estate	1.36	3.41	-2.05	0.01	0.31	-0.29
Telecomm Services	0.00	1.79	-1.79	0.00	0.01	-0.01
Utilities	0.00	2.78	-2.78	0.00	0.16	-0.16
Cash	1.91	0.00	-	-	-	-

SECTOR	SECURITY SELECTION %	CURRENCY %	SECTOR ALLOCATION %	TOTAL %
Consumer Discretionary	0.56	0.00	0.12	0.69
Consumer Staples	-0.24	-0.01	0.05	-0.19
Energy	-0.10	0.01	-0.53	-0.62
Financials	0.01	0.01	0.66	0.68
Health Care	-0.26	0.00	-0.01	-0.26
Industrials	0.23	0.01	0.23	0.47
Information Technology	1.70	0.01	0.78	2.49
Materials	0.17	0.01	0.01	0.19
Real Estate	-0.10	0.01	-0.09	-0.19
Telecomm Services	0.00	0.00	0.08	0.08
Utilities	0.00	0.00	-0.02	-0.02
Cash	0.00	-0.04	-0.07	-0.11

Attribution analysis measures the effect of active management on fund performance relative to the benchmark. For example, "security selection" quantifies the manager's contribution to relative performance, either positive or negative, as decisions are made about which securities to hold, and whether to overweight or underweight those securities relative to the benchmark. "Security selection," "currency," and "sector allocation" values may not reconcile with the "total" value across rows due to rounding or other effects.

Source: MFS Institutional Advisors

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