

# Sun Life MFS Global Total Return Fund

## FUND REVIEW | Q3 2018

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

### CATEGORY<sup>1</sup>

Global neutral balanced

### INVESTMENT OBJECTIVE

The fund's investment objective is to seek total return by investing primarily in a mix of equity securities and debt instruments of issuers located anywhere in the world.

### 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

\$1,372,578,168

### BENCHMARK

60% MSCI World Index  
40% Barclays Global Aggregate Bond Index

## PERFORMANCE SUMMARY

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

Sun Life MFS Global Total Return Fund (Series A) returned 1.1% in the third quarter, underperforming its benchmark by roughly 0.8 percentage points.

Global economic momentum slowed during the quarter as trade tensions, Brexit uncertainty and concerns regarding Italy's fiscal situation weighed on economic activity in Europe. Emerging market economies also faced headwinds amid a strengthening U.S. dollar, higher U.S. interest rates and slowing global trade volumes. However, the U.S. economy continued to exhibit signs of strength, boosted by regulatory reform, lower corporate taxes, low unemployment and strong corporate profitability.

European investment grade bonds underperformed the U.S. year to date, offering more attractive valuations. Some of the weakness can be explained by the uncertain political situation in Italy. Spreads this year have widened sharply between emerging markets and developed high yield markets, while within developed markets, U.S. spreads have traded increasingly inside European spreads, reaching a premium not seen since mid-2012.

The third quarter of 2018 finished as the strongest quarter for US equity markets since 2013. The performance of the MSCI World Growth index continued to outpace the MSCI World and World Value indices. With the 10 year bull market becoming long in the tooth, the portfolio manager believes higher valuations will have an impact on the level of expected future returns.

### Key contributors (equity)

- Taiwan Semiconductor
  - Stock rose on quarterly revenues above estimates and earnings per share results slightly ahead of consensus
- Pfizer
  - Stock advanced on solid second-quarter earnings results

### Key detractors (equity)

- Bayer
  - Stock declined on news of a lawsuit against the company and investor concerns that more cases may follow
- Scottish & Southern Energy PLC
  - Stock declined after management issued a profit warning

<sup>1</sup>Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

PERFORMANCE<sup>2</sup>**SERIES A**

| COMPOUND RETURNS % <sup>2</sup> | 3 MONTH | 6 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 7 YEAR | SINCE INCEPTION |
|---------------------------------|---------|---------|--------|--------|--------|--------|-----------------|
| Fund                            | 1.06    | 0.61    | 3.01   | 4.74   | 7.02   | 8.36   | 7.39            |
| Benchmark                       | 1.80    | 4.11    | 8.90   | 8.09   | 9.93   | 10.92  | 9.47            |
| + / -                           | -0.75   | -3.49   | -5.89  | -3.35  | -2.91  | -2.56  | -2.08           |

| CALENDAR YEAR % | YTD   | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  | 2011 | 2010 <sup>3</sup> |
|-----------------|-------|-------|-------|-------|-------|-------|-------|------|-------------------|
| Fund            | 0.51  | 6.84  | 2.06  | 9.61  | 9.76  | 20.37 | 7.35  | 2.78 | 1.01              |
| Benchmark       | 5.01  | 9.60  | 3.94  | 11.86 | 12.06 | 20.27 | 10.63 | 0.64 | 2.60              |
| + / -           | -4.50 | -2.76 | -1.88 | -2.25 | -2.30 | 0.11  | -3.28 | 2.14 | -1.60             |

| RISK ANALYSIS <sup>4</sup> | SHARPE | BETA | STANDARD DEVIATION | SORTINO | UP CAPTURE | DOWN CAPTURE |
|----------------------------|--------|------|--------------------|---------|------------|--------------|
| Fund                       | 1.09   | 0.96 | 5.75               | 2.17    | 81.92      | 107.48       |
| Benchmark                  | 1.55   | 1.00 | 5.77               | 3.34    | 100.00     | 100.00       |

**SERIES F**

| COMPOUND RETURNS % <sup>2</sup> | 3 MONTH | 6 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 7 YEAR | SINCE INCEPTION |
|---------------------------------|---------|---------|--------|--------|--------|--------|-----------------|
| Fund                            | 1.35    | 1.20    | 4.19   | 5.91   | 8.21   | 9.56   | 8.57            |
| Benchmark                       | 1.80    | 4.11    | 8.90   | 8.09   | 9.93   | 10.92  | 9.47            |
| + / -                           | -0.45   | -2.90   | -4.70  | -2.18  | -1.72  | -1.36  | -0.90           |

| CALENDAR YEAR % | YTD   | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  | 2011 | 2010 <sup>3</sup> |
|-----------------|-------|-------|-------|-------|-------|-------|-------|------|-------------------|
| Fund            | 1.38  | 8.01  | 3.19  | 10.81 | 10.99 | 21.71 | 8.47  | 3.91 | 1.29              |
| Benchmark       | 5.01  | 9.60  | 3.94  | 11.86 | 12.06 | 20.27 | 10.63 | 0.64 | 2.60              |
| + / -           | -3.63 | -1.58 | -0.76 | -1.04 | -1.07 | 1.45  | -2.16 | 3.27 | -1.32             |

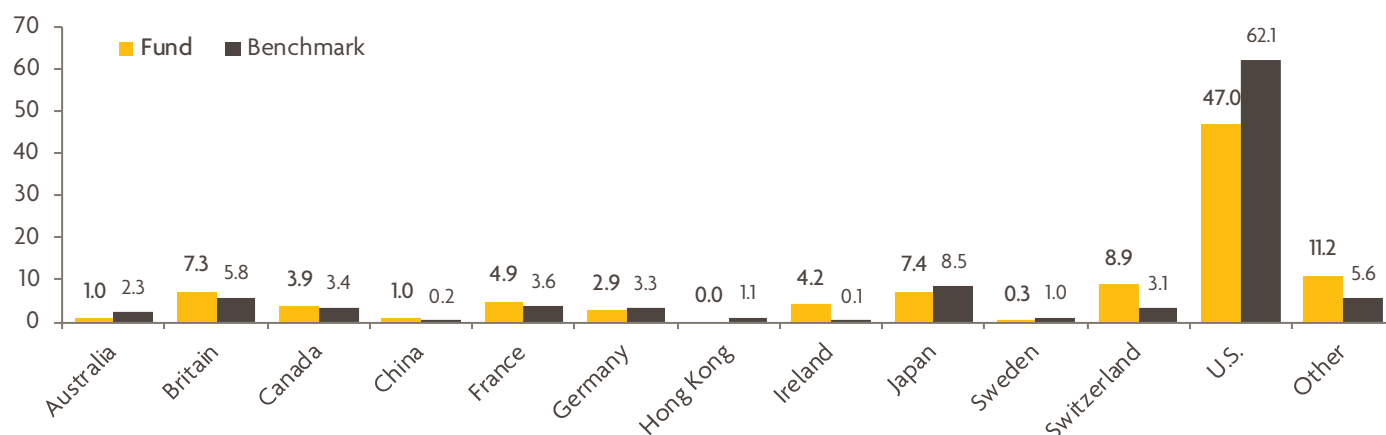
| RISK ANALYSIS <sup>4</sup> | SHARPE | BETA | STANDARD DEVIATION | SORTINO | UP CAPTURE | DOWN CAPTURE |
|----------------------------|--------|------|--------------------|---------|------------|--------------|
| Fund                       | 1.28   | 0.96 | 5.75               | 2.70    | 87.92      | 99.48        |
| Benchmark                  | 1.55   | 1.00 | 5.77               | 3.34    | 100.00     | 100.00       |

<sup>2</sup>Returns for periods longer than one year are annualized. Series A securities of the fund are available for purchase to all investors, while Series F securities are only available to investors in an eligible fee-based or wrap program with their registered dealer. While Series A and Series F securities have the same reference portfolio, any difference in performance between these series is due primarily to differences in management fees and operating fees. The management fee for Series A securities includes the trailing commission, while Series F securities does not. Investors in Series F securities may pay a separate fee-based account fee that is negotiated with and payable to their registered dealer.

<sup>3</sup>Partial calendar year. Returns are for the period from the fund's inception date of October 1, 2010 to December 31, 2010.

<sup>4</sup>Data based on 5-year period ending September 30, 2018.

## GEOGRAPHIC BREAKDOWN (%)



Source: MFS Institutional Advisors

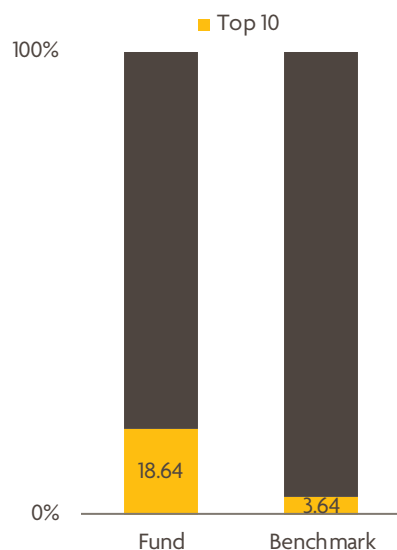
## ATTRIBUTION ANALYSIS (SERIES F | EQUITY PORTION ONLY)

| SECTOR                 | SECTOR WEIGHT |             |       | CONTRIBUTION TO TOTAL |             |       |
|------------------------|---------------|-------------|-------|-----------------------|-------------|-------|
|                        | FUND %        | BENCHMARK % | +/-   | FUND %                | BENCHMARK % | +/-   |
| Consumer Discretionary | 6.69          | 12.64       | -5.94 | -0.31                 | 0.33        | -0.64 |
| Consumer Staples       | 15.69         | 8.17        | 7.52  | 0.00                  | 0.08        | -0.08 |
| Energy                 | 5.62          | 6.52        | -0.90 | 0.12                  | -0.06       | 0.17  |
| Financials             | 19.42         | 16.71       | 2.71  | 0.42                  | 0.18        | 0.24  |
| Health Care            | 13.68         | 12.58       | 1.10  | 1.18                  | 1.17        | 0.01  |
| Industrials            | 13.47         | 11.20       | 2.27  | 0.90                  | 0.48        | 0.42  |
| Information Technology | 12.44         | 18.89       | -6.45 | 0.61                  | 1.18        | -0.57 |
| Materials              | 4.14          | 4.74        | -0.61 | 0.22                  | -0.11       | 0.33  |
| Real Estate            | 2.01          | 2.96        | -0.94 | -0.05                 | -0.07       | 0.03  |
| Telecomm Services      | 3.40          | 2.62        | 0.78  | -0.04                 | 0.11        | -0.14 |
| Utilities              | 3.43          | 2.97        | 0.46  | -0.11                 | -0.02       | -0.09 |

| SECTOR                 | SECURITY    |            | SECTOR       |         |
|------------------------|-------------|------------|--------------|---------|
|                        | SELECTION % | CURRENCY % | ALLOCATION % | TOTAL % |
| Consumer Discretionary | -0.52       | 0.03       | 0.02         | -0.47   |
| Consumer Staples       | -0.16       | -0.01      | -0.17        | -0.34   |
| Energy                 | 0.16        | 0.01       | 0.04         | 0.21    |
| Financials             | 0.15        | 0.06       | -0.06        | 0.15    |
| Health Care            | -0.11       | 0.04       | 0.06         | -0.01   |
| Industrials            | 0.29        | 0.03       | 0.03         | 0.36    |
| Information Technology | -0.14       | -0.04      | -0.18        | -0.36   |
| Materials              | 0.28        | 0.04       | 0.04         | 0.36    |
| Real Estate            | 0.00        | 0.01       | 0.05         | 0.06    |
| Telecomm Services      | -0.15       | -0.03      | 0.01         | -0.17   |
| Utilities              | -0.10       | 0.00       | -0.01        | -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

**HOLDINGS ANALYSIS (EQUITY PORTION ONLY)**

| TOP 10 HOLDINGS                        | FUND %       | BENCHMARK % | + / - |
|--|--------------|-------------|-------|
| TAIWAN SEMICONDUCTOR                   | 2.59         | 0.00        | 2.59  |
| PHILIP MORRIS INTERNATIONAL            | 2.20         | 0.00        | 2.20  |
| NESTLE                                 | 1.82         | 0.63        | 1.19  |
| J.P. MORGAN CHASE                      | 1.81         | 0.92        | 0.89  |
| SCHNEIDER ELECTRIC                     | 1.81         | 0.11        | 1.70  |
| JOHNSON & JOHNSON                      | 1.76         | 0.89        | 0.87  |
| KDDI                                   | 1.71         | 0.00        | 1.71  |
| PFIZER                                 | 1.70         | 0.62        | 1.08  |
| LOCKHEED MARTIN                        | 1.68         | 0.21        | 1.46  |
| ACCENTURE                              | 1.58         | 0.26        | 1.32  |
| <b>Top 10 holdings % of net assets</b> | <b>18.64</b> | <b>3.64</b> |       |
| <b>Total # fund holdings</b>           | <b>541</b>   |             |       |

Holdings may change at any time without notice.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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