

Sun Life MFS Global Value Fund

FUND REVIEW | Q4 2018

Unless otherwise indicated: currency references are in C\$; data sources are Sun Life Global Investments and Morningstar; opinions and data as of December 31, 2018.

CATEGORY¹

Global equity

INVESTMENT OBJECTIVE

The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of issuers located anywhere in the world that are considered to be undervalued compared to their perceived worth.

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

\$403,022,510

BENCHMARK

MSCI World Index

PERFORMANCE SUMMARY

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

The Sun Life MFS Global Value Fund (Series A) returned -6.8 % in the fourth quarter, outperforming its benchmark by roughly 1.8 percentage points.

After a strong start to the year, global equity markets weakened significantly during the fourth quarter and finished 2018 with the worst returns since 2008. Concerns about slowing global growth (especially China), the pace of U.S. Federal Reserve tightening, on-going trade/tariff discussions and general geopolitical uncertainty resulted in more difficult and volatile equity markets.

For the fourth quarter, the portfolio's focus on downside risk management helped buffer against the significant downdraft in global equity markets. However, 2018 was a surprisingly difficult year for the strategy as the Fund underperformed the market in a down year. Much of what detracted from relative performance in 2018 was a continuation of the trends that started in 2017. The biggest relative headwinds came from three sectors: consumer staples, information technology and consumer discretionary. Consumer staples faced cyclical headwinds, including slower growth in emerging markets, foreign exchange and rising input costs, as well as secular headwinds, including evolving consumer tastes, e-commerce, and new brand building. In the information technology and consumer discretionary sectors, avoiding many of the faster growing, and in the portfolio manager's view, relatively expensive names detracted in 2018.

Key contributors

- Nestlé
 - Stock advanced as quarterly earnings were in line with analyst expectations
- Pernod Ricard
 - Stock rose on strong quarterly earnings results

Key detractors

- Schlumberger
 - Third-quarter earnings results were largely in line with expectations, but shares declined after management announced a reduction in its full-year guidance due to the pullback in global energy prices
- Amadeus IT Holding
 - Stock declined as a result of lower than expected revenue and market share losses, particularly in Western Europe

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

PERFORMANCE²**SERIES A**

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	-6.75	-4.82	-4.57	2.83	7.87	12.03	10.80
Benchmark	-8.51	-5.62	-0.49	5.71	9.94	13.72	11.81
+ / -	1.76	0.81	-4.08	-2.88	-2.07	-1.69	-1.01

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ³
Fund	-4.57	11.07	2.58	19.31	12.58	36.40	11.16	1.24	3.94
Benchmark	-0.49	14.36	3.79	18.89	14.39	35.18	13.26	-3.20	5.31
+ / -	-4.08	-3.29	-1.21	0.43	-1.81	1.22	-2.10	4.44	-1.37

RISK ANALYSIS ⁴	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.74	0.96	9.87	1.28	88.65	98.00
Benchmark	0.93	1.00	9.87	1.57	100.00	100.00

SERIES F

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	-6.47	-4.25	-3.44	4.00	9.08	13.28	12.04
Benchmark	-8.51	-5.62	-0.49	5.71	9.94	13.72	11.81
+ / -	2.04	1.37	-2.95	-1.71	-0.86	-0.44	0.22

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ³
Fund	-3.44	12.30	3.73	20.65	13.80	37.88	12.40	2.38	4.24
Benchmark	-0.49	14.36	3.79	18.89	14.39	35.18	13.26	-3.20	5.31
+ / -	-2.95	-2.06	-0.07	1.76	-0.59	2.70	-0.86	5.58	-1.08

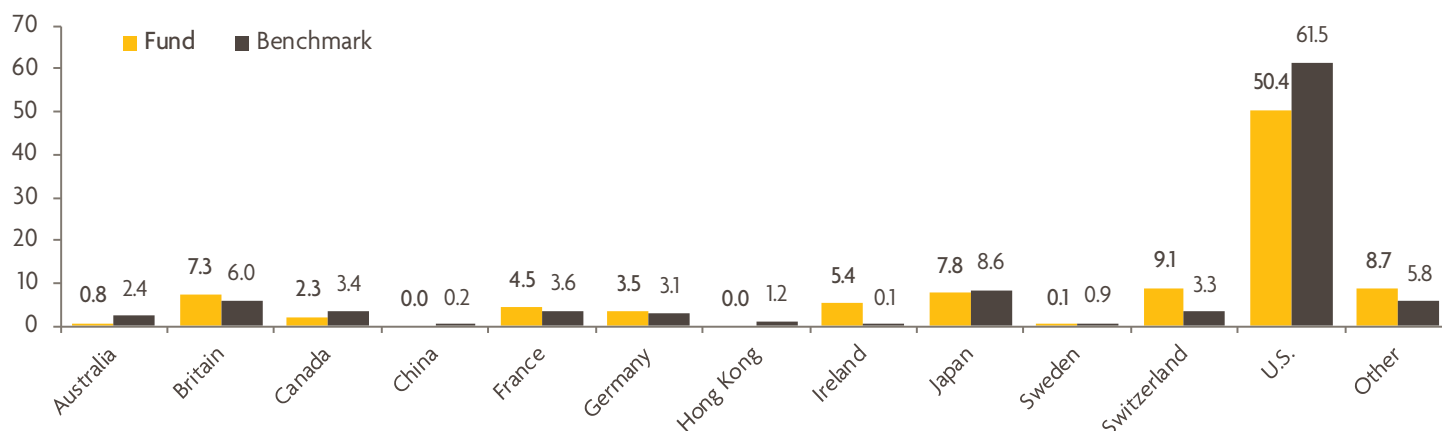
RISK ANALYSIS ⁴	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.85	0.96	9.88	1.52	92.68	93.94
Benchmark	0.93	1.00	9.87	1.57	100.00	100.00

²Returns 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.

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

⁴Data based on 5-year period ending December 31, 2018.

GEOGRAPHIC BREAKDOWN (%)



Source: MFS Institutional Advisors

ATTRIBUTION ANALYSIS (GROSS OF FEES)

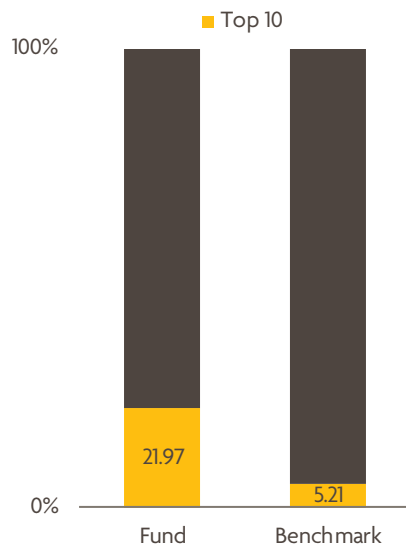
SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	3.15	10.38	-7.23	-0.25	-1.11	0.86
Consumer Staples	15.13	8.47	6.65	-0.61	-0.11	-0.50
Energy	3.17	6.27	-3.10	-0.79	-1.16	0.37
Financials	21.34	16.36	4.98	-1.75	-1.43	-0.32
Health Care	13.29	13.22	0.08	-0.09	-0.54	0.45
Industrials	16.40	11.06	5.34	-1.43	-1.30	-0.13
Information Technology	12.93	15.18	-2.25	-1.26	-1.96	0.69
Materials	4.82	4.58	0.24	-0.13	-0.40	0.27
Real Estate	1.81	3.06	-1.25	-0.02	0.02	-0.04
Telecomm Services	5.45	8.20	-2.75	0.05	-0.60	0.65
Utilities	1.17	3.22	-2.05	0.15	0.18	-0.02
Cash	1.34	0.00	-	-	-	-

SECTOR	SECURITY		SECTOR	
	SELECTION %	CURRENCY %	ALLOCATION %	TOTAL %
Consumer Discretionary	0.09	-0.05	0.19	0.23
Consumer Staples	-0.38	-0.02	0.50	0.09
Energy	-0.21	0.05	0.25	0.09
Financials	0.02	0.10	0.00	0.12
Health Care	0.41	0.04	0.00	0.46
Industrials	0.49	0.01	-0.17	0.33
Information Technology	0.40	-0.01	0.12	0.51
Materials	0.24	0.02	0.01	0.27
Real Estate	-0.01	-0.02	-0.11	-0.14
Telecomm Services	0.39	0.05	-0.02	0.41
Utilities	0.07	0.02	-0.29	-0.20
Cash	0.00	-0.08	0.18	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



Holdings may change at any time without notice.

TOP 10 HOLDINGS	FUND %	BENCHMARK %	+ / -
JOHNSON & JOHNSON	2.78	0.97	2.78
J.P. MORGAN CHASE	2.71	0.92	1.79
NESTLE	2.61	0.69	1.92
ACCENTURE	2.29	0.25	2.04
AON	2.19	0.10	2.09
COMCAST	2.04	0.44	1.60
TEXAS INSTRUMENTS	1.87	0.26	1.61
WELLS FARGO	1.85	0.59	1.26
HONEYWELL INTERNATIONAL	1.85	0.27	1.58
PFIZER	1.76	0.72	1.04
Top 10 holdings % of net assets		21.97	5.21
Total # fund holdings		111	

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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