

# Sun Life MFS International Value 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>

International equity

### INVESTMENT OBJECTIVE

The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of issuers located outside of Canada and the U.S. 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

\$1,581,881,920

### BENCHMARK

MSCI EAFE Index

## PERFORMANCE SUMMARY

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

Sun Life MFS International Value (Series A) returned 0.3% in the third quarter, outperforming its benchmark by roughly 0.7 percentage points.

Global equity markets advanced during the third quarter, fueled largely by the strength of U.S. equities. Developed international markets generated lesser gains, and emerging markets posted small losses. Tariffs wars between the U.S. and China, as well as Brexit in the U.K., are adding risk to the global economy, which is late in the business cycle. Meanwhile, the bull market is breaking records for its long duration run at a time when interest rates are rising and growth outside the U.S. has slowed.

The portfolio manager seeks to invest in businesses with value-added, differentiated products or services, which should be more protected from potential dislocations resulting from challenges in the global economy, such as tariffs or Brexit. The portfolio remains conservatively positioned with consumer staples as the largest overweight where brand name strength, global distribution networks, fortress balance sheets and the ability to adapt to the digital environments are favoured. Technology is another overweight with dominant players in industry niches and the largest underweight is to major banks as the portfolio manager continues to avoid complicated and over-levered European banks.

### Key contributors

- Amadeus IT Holding
  - Stock was supported by the TravelClick acquisition and strong earnings growth
- Givaudan
  - Stock rose on quarterly revenues above estimates driven by organic growth and gains from foreign exchange

### Key detractors

- Kobayashi Pharmaceuticals
  - Despite delivering strong quarterly results, stock declined late in the quarter after reaching all-time highs
- Intertek Group
  - Stock declined on weak organic growth and poor margin expansion

<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
<b>Fund</b>	<b>0.29</b>	<b>2.43</b>	<b>9.73</b>	<b>8.85</b>	<b>11.47</b>	<b>13.14</b>	<b>11.60</b>
Benchmark	-0.41	0.36	6.18	7.91	9.31	11.69	9.02
+ / -	0.69	2.07	3.55	0.94	2.16	1.45	2.58

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 <sup>3</sup>
<b>Fund</b>	<b>3.61</b>	<b>16.38</b>	<b>-2.17</b>	<b>24.28</b>	<b>8.44</b>	<b>34.13</b>	<b>10.09</b>	<b>-0.59</b>	<b>3.09</b>
Benchmark	1.69	16.82	-2.49	18.95	3.67	31.02	14.72	-9.97	3.04
+ / -	1.93	-0.44	0.33	5.32	4.77	3.11	-4.63	9.38	0.05

RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
<b>Fund</b>	<b>1.03</b>	<b>0.88</b>	<b>10.38</b>	<b>2.15</b>	<b>99.39</b>	<b>78.58</b>
Benchmark	0.83	1.00	10.59	1.47	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
<b>Fund</b>	<b>0.58</b>	<b>3.03</b>	<b>11.00</b>	<b>10.07</b>	<b>12.71</b>	<b>14.39</b>	<b>12.84</b>
Benchmark	-0.41	0.36	6.18	7.91	9.31	11.69	9.02
+ / -	0.98	2.67	4.82	2.16	3.40	2.70	3.81

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 <sup>3</sup>
<b>Fund</b>	<b>4.52</b>	<b>17.69</b>	<b>-1.10</b>	<b>25.64</b>	<b>9.64</b>	<b>35.55</b>	<b>11.30</b>	<b>0.51</b>	<b>3.37</b>
Benchmark	1.69	16.82	-2.49	18.95	3.67	31.02	14.72	-9.97	3.04
+ / -	2.83	0.87	1.39	6.69	5.97	4.54	-3.42	10.48	0.33

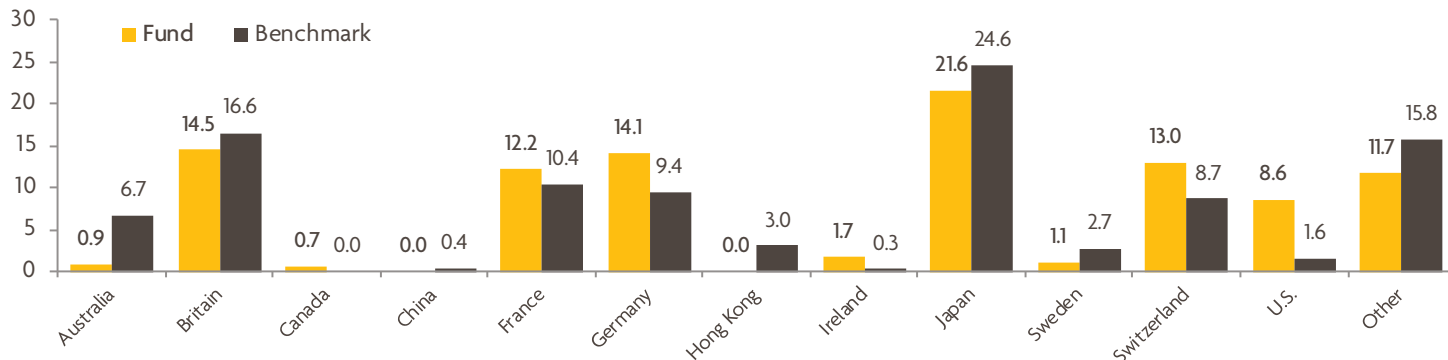
RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
<b>Fund</b>	<b>1.14</b>	<b>0.88</b>	<b>10.39</b>	<b>2.45</b>	<b>102.92</b>	<b>73.79</b>
Benchmark	0.83	1.00	10.59	1.47	100.00	100.00

<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)

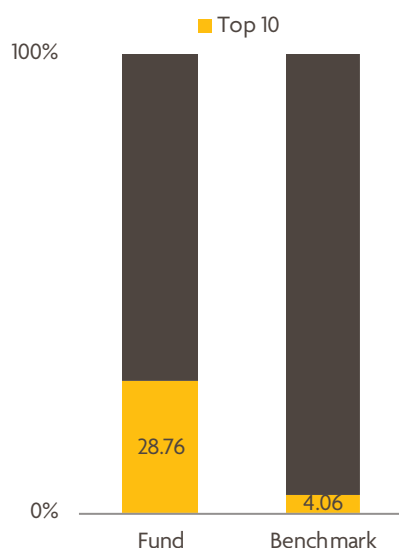
SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	4.37	12.60	-8.23	3.36	5.89	-2.53
Consumer Staples	29.37	11.43	17.94	18.16	5.40	12.76
Energy	0.87	5.27	-4.41	-0.18	1.53	-1.71
Financials	11.25	21.26	-10.00	4.54	5.71	-1.18
Health Care	6.37	11.24	-4.87	3.82	3.64	0.18
Industrials	15.31	13.55	1.76	8.59	7.35	1.24
Information Technology	17.55	5.54	12.01	20.29	3.57	16.72
Materials	4.21	7.61	-3.40	3.64	3.98	-0.34
Real Estate	3.84	3.51	0.33	4.54	1.33	3.21
Telecomm Services	3.05	4.54	-1.48	2.48	1.17	1.31
Utilities	0.00	3.46	-3.46	0.00	0.76	-0.76
Cash	3.80	0.00	-	-	-	-

SECTOR	SECURITY		SECTOR ALLOCATION %	TOTAL %
	SELECTION %	CURRENCY %		
Consumer Discretionary	0.66	-0.23	0.03	0.45
Consumer Staples	2.46	1.19	1.24	4.89
Energy	-0.62	0.74	-0.69	-0.57
Financials	0.67	0.40	1.59	2.66
Health Care	0.00	0.65	1.07	1.73
Industrials	-0.80	-0.48	0.42	-0.86
Information Technology	10.05	0.78	3.99	14.82
Materials	0.45	0.66	-0.19	0.92
Real Estate	3.79	0.02	-0.11	3.70
Telecomm Services	0.93	0.40	0.83	2.16
Utilities	0.00	0.03	0.77	0.79
Cash	0.00	-0.25	-1.35	-1.60

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



TOP 10 HOLDINGS	FUND %	BENCHMARK %	+ / -
NESTLE	4.51	1.80	2.71
GIVAUDAN	3.24	0.16	3.08
AMADEUS IT GROUP	2.93	0.28	2.64
HENKEL KGAA	2.89	0.14	2.75
TAIWAN SEMICONDUCTOR	2.82	0.00	2.82
RECKITT BENCKISER GROUP	2.72	0.42	2.30
PERNOD-RICARD	2.65	0.24	2.41
KAO	2.44	0.28	2.17
DIAGEO	2.30	0.60	1.69
DEUTSCHE WOHNEN	2.25	0.12	2.13
Top 10 holdings % of net assets	28.76	4.06	
Total # fund holdings	108		

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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