

# Sun Life MFS International 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.

### 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

\$1,477,608,633

### BENCHMARK

MSCI EAFE Index

## PERFORMANCE SUMMARY

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

Sun Life MFS International Value Fund (Series A) returned -6.7 % in the fourth quarter, outperforming its benchmark by roughly 0.8 percentage points.

Global equity markets declined in Q4 due to escalating trade U.S.-China tensions, slowing global growth, continuing interest rate hikes by the U.S. Federal Reserve and Brexit headwinds. Europe, Japan and the UK posted double-digit declines while the pullback for Asia Pacific ex Japan was less severe. The defensive areas of utilities, consumer staples and communications services posted the strongest relative performance for Q4. The worst declines were in energy as oil plummeted on expectations of weaker global demand, and technology, which is a more cyclical.

Consumer staples remains the largest overweight in the portfolio. MFS favor companies with brand name strength, global distribution networks, solid balance sheets and the ability to adapt to the digital environment. The portfolio is overweight to information technology stocks and industrials, where a number of differentiated, high-return businesses are owned. The Fund's biggest underweight is to financials, with an avoidance of over-levered European banks. The portfolio manager avoided most energy companies, which are exposed to capital expenditure requirements and commodity orientations. And MFS is underweight to utilities, which are viewed as highly-regulated, lower-return businesses.

### Key contributors

- Pernod Ricard
  - Stock rose on solid organic sales growth in the company's key markets
- Givaudan
  - Stock reported strong third-quarter earnings, benefiting from organic growth that beat expectations

### Key detractors

- Legrand
  - Investor concerns around operating leverage and exposure to Italy and France weighed on the shares, where the macroeconomic backdrop remained an area of concern
- Nomura Research Institute
  - Shares declined after the company reported disappointing earnings, which were due, in part, to weaker demand in IT services from its largest client, Nomura Securities

<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	-6.74	-6.47	-3.37	3.24	8.20	11.85	10.29
Benchmark	-7.58	-7.96	-6.03	2.29	5.71	10.28	7.70
+ / -	0.84	1.48	2.65	0.94	2.49	1.56	2.59

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 <sup>3</sup>
Fund	-3.37	16.38	-2.17	24.28	8.44	34.13	10.09	-0.59	3.09
Benchmark	-6.03	16.82	-2.49	18.95	3.67	31.02	14.72	-9.97	3.04
+ / -	2.65	-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
Fund	0.70	0.91	10.98	1.27	102.36	83.18
Benchmark	0.49	1.00	10.94	0.80	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	-6.46	-5.92	-2.23	4.40	9.41	13.09	11.52
Benchmark	-7.58	-7.96	-6.03	2.29	5.71	10.28	7.70
+ / -	1.12	2.04	3.79	2.11	3.70	2.80	3.81

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 <sup>3</sup>
Fund	-2.23	17.69	-1.10	25.64	9.64	35.55	11.30	0.51	3.37
Benchmark	-6.03	16.82	-2.49	18.95	3.67	31.02	14.72	-9.97	3.04
+ / -	3.79	0.87	1.39	6.69	5.97	4.54	-3.42	10.48	0.33

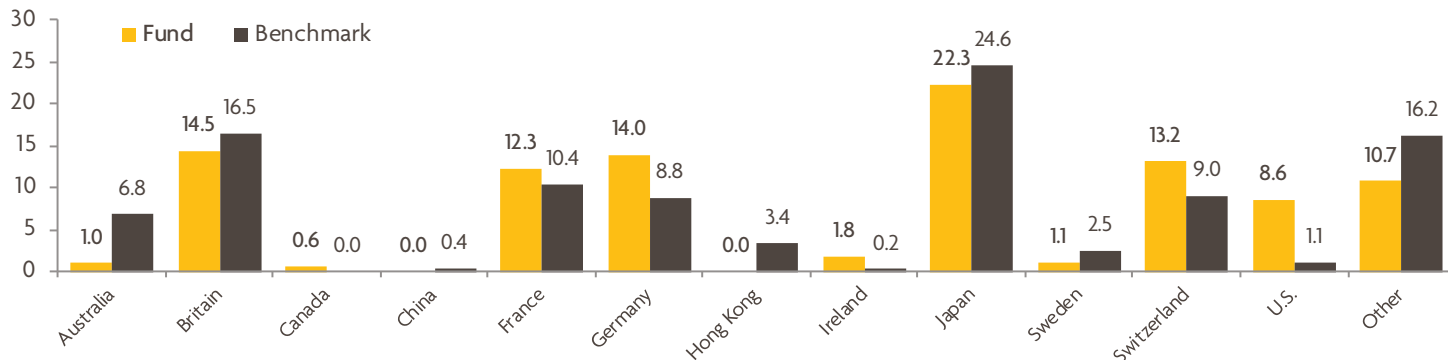
RISK ANALYSIS <sup>4</sup>	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.80	0.91	10.99	1.50	106.02	78.79
Benchmark	0.49	1.00	10.94	0.80	100.00	100.00

<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 December 31, 2018.

## GEOGRAPHIC BREAKDOWN (%)



Source: MFS Institutional Advisors

## ATTRIBUTION ANALYSIS (GROSS OF FEES)

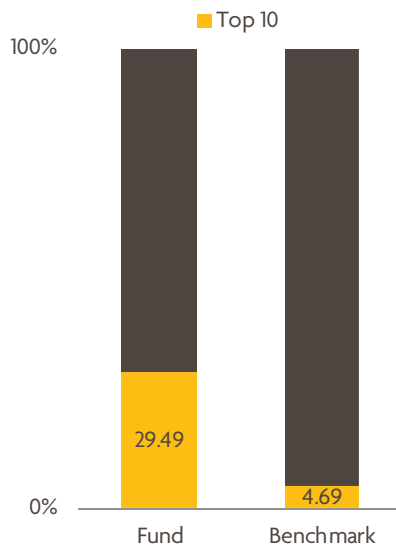
SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	3.20	11.30	-8.10	-0.16	-1.12	0.96
Consumer Staples	31.19	11.34	19.85	-0.33	-0.31	-0.02
Energy	0.38	6.00	-5.62	-0.23	-0.81	0.58
Financials	6.11	19.63	-13.52	-0.76	-1.74	0.98
Health Care	5.04	11.24	-6.20	-0.16	-0.55	0.39
Industrials	17.13	14.27	2.86	-1.52	-1.41	-0.11
Information Technology	20.82	6.02	14.79	-2.49	-0.73	-1.76
Materials	5.71	7.62	-1.91	-0.25	-0.84	0.59
Real Estate	5.58	3.56	2.02	-0.06	0.02	-0.07
Telecomm Services	1.35	5.50	-4.15	-0.13	-0.26	0.13
Utilities	0.00	3.51	-3.51	0.00	0.20	-0.20
Cash	3.49	0.00	-	-	-	-

SECTOR	SECURITY		SECTOR ALLOCATION %	TOTAL %
	SELECTION %	CURRENCY %		
Consumer Discretionary	0.20	-0.13	0.25	0.33
Consumer Staples	0.41	0.05	0.94	1.40
Energy	-0.17	0.10	0.21	0.14
Financials	-0.17	0.05	0.11	0.00
Health Care	-0.04	0.17	-0.16	-0.04
Industrials	0.33	-0.16	-0.08	0.09
Information Technology	0.15	0.03	-0.75	-0.57
Materials	0.30	0.03	0.06	0.38
Real Estate	-0.01	-0.06	0.14	0.07
Telecomm Services	-0.10	0.03	-0.11	-0.18
Utilities	0.00	0.02	-0.45	-0.43
Cash	0.00	-0.15	0.44	0.29

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	4.94	1.99	2.95
GIVAUDAN	3.42	0.17	3.25
HENKEL	3.04	0.16	2.88
PERNOD-RICARD	3.00	0.28	2.72
DIAGEO	2.61	0.70	1.91
RECKITT BENCKISER	2.58	0.41	2.17
KAO	2.55	0.29	2.26
TAIWAN SEMICONDUCTOR	2.52	0.00	2.52
DEUTSCHE WOHNEN	2.43	0.45	1.98
AMADEUS IT GROUP	2.41	0.24	2.17
<b>Top 10 holdings % of net assets</b>	<b>29.49</b>	<b>4.69</b>	
<b>Total # fund holdings</b>	<b>108</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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