

Sun Life MFS U.S. Growth Fund

FUND REVIEW | Q3 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 September 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

\$1,072,759,795

BENCHMARK

Russell 1000 Index

PERFORMANCE SUMMARY

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

Sun Life MFS U.S. Growth (Series I) returned 6.3% in the third quarter, outperforming its benchmark by roughly 0.8 percentage points.

Given the strong absolute and relative performance of the growth asset class, in large part driven by higher weightings and outperformance in the technology sector, some have made comparisons between the technology companies of today and those of the late '90s. However, what many fail to realize is that the major difference between those two periods is that the current rise in the technology sector capitalization is more explained by earnings expectations, whereas valuations were the main catalyst for market appreciation during the period leading up to the tech bubble of the 90's.

Now while today's multiples in the technology sector are at levels somewhat above long-term averages, they are nowhere near the levels reached in the late '90s. As such, the portfolio manager continues to believe we are relatively early in a long cycle where the operating leverage and earnings power for select technology companies will continue to exceed the market's current expectations. Where market valuations today are extended, in the portfolio manager's view, they are sourced more from stocks of companies in profit pools ceding market share, margin and profits to those with unique and superior value propositions continuing to leave long-term-oriented investors with ample opportunity to differentiate from the broad market.

Key contributors

- Thermo Fisher Scientific
 - Stock was supported by higher than expected earnings, as well as acquisitions and positive foreign currency exchange
- Salesforce.com
 - Stock rose on strong quarterly earnings and strong pipeline deals

Key detractors

- Electronic Arts
 - Stock declined after the company reduced its full-year net bookings outlook, blaming incremental foreign exchange headwinds, lower mobile games growth and slow subscription sales
- Vulcan Materials
 - Stock fell on lower than expected earnings and margin results below expectations following higher diesel fuel costs and storm-related expenses

PERFORMANCE

SERIES I

COMPOUND RETURNS % ¹	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	6.32	15.62	33.73	19.86	21.61	22.42	20.06
Benchmark	5.56	11.54	21.72	15.65	19.00	20.56	18.14
+ / -	0.77	4.08	12.02	4.21	2.61	1.87	1.92

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ²
Fund	25.27	22.91	-0.55	28.13	18.62	45.60	14.76	1.95	8.89
Benchmark	13.98	13.69	8.18	21.03	23.44	42.04	13.84	4.01	7.47
+ / -	11.29	9.22	-8.73	7.09	-4.82	3.56	0.92	-2.06	1.43

RISK ANALYSIS ³	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	1.65	1.08	11.70	3.53	109.01	106.21
Benchmark	1.78	1.00	9.70	3.91	100.00	100.00

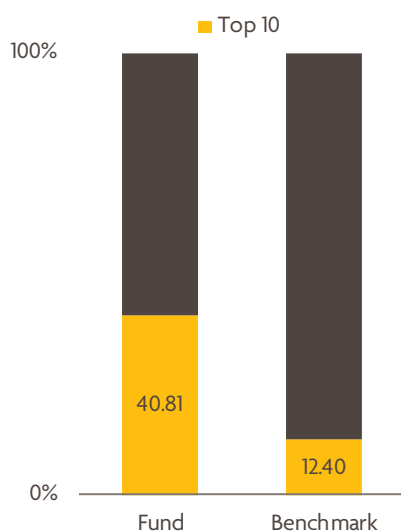
When comparing the fund's performance with its benchmark, note the fund is a value oriented mutual fund while the index is a basket of unmanaged securities with no style bias and which does not incur fees and expenses that may reduce returns. It is not possible to invest directly in an index.

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 September 30, 2018.

HOLDINGS ANALYSIS

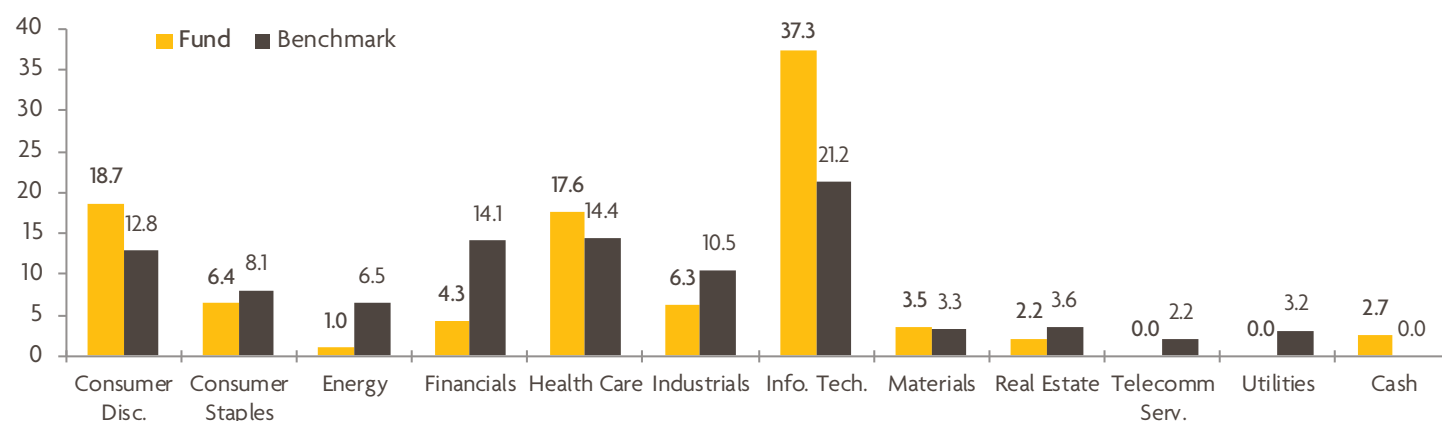


TOP 10 HOLDINGS

	FUND %	BENCHMARK %	+ / -
AMAZON.COM	6.87	2.96	3.91
MICROSOFT	6.25	3.15	3.09
VISA	4.54	0.98	3.56
ADOBE SYSTEMS	4.26	0.48	3.78
ALPHABET	4.11	1.32	2.79
MASTERCARD	3.68	0.74	2.94
FACEBOOK	3.46	1.42	2.04
SALESFORCE.COM	2.63	0.41	2.22
NETFLIX.COM	2.58	0.57	2.01
THERMO FISHER SCIENTIFIC	2.43	0.36	2.08
Top 10 holdings % of net assets	40.81	12.40	
Total # fund holdings	85		

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	18.70	12.82	5.87	26.66	12.87	13.80
Consumer Staples	6.43	8.13	-1.69	5.50	5.78	-0.28
Energy	1.03	6.54	-5.51	-1.77	-0.05	-1.71
Financials	4.30	14.13	-9.83	4.13	11.48	-7.35
Health Care	17.59	14.45	3.15	16.61	12.29	4.32
Industrials	6.31	10.52	-4.21	5.29	8.93	-3.64
Information Technology	37.28	21.24	16.04	55.01	25.11	29.90
Materials	3.52	3.27	0.25	3.44	1.92	1.52
Real Estate	2.18	3.59	-1.40	2.26	2.51	-0.25
Telecomm Services	0.00	2.16	-2.16	0.00	1.09	-1.09
Utilities	0.00	3.15	-3.15	0.00	2.51	-2.51
Cash	2.65	0.00	-	-	-	-

SECTOR	SECURITY		SECTOR	
	SELECTION %	CURRENCY %	ALLOCATION %	TOTAL %
Consumer Discretionary	7.35	0.29	1.18	8.82
Consumer Staples	0.82	0.26	0.16	1.24
Energy	-1.28	0.55	5.04	4.31
Financials	-0.09	0.40	0.30	0.61
Health Care	-2.73	0.42	0.09	-2.22
Industrials	-0.44	0.37	-0.19	-0.26
Information Technology	8.36	0.46	10.24	19.06
Materials	0.80	0.43	-0.01	1.22
Real Estate	0.56	0.37	0.32	1.24
Telecomm Services	0.00	0.18	0.90	1.08
Utilities	0.00	0.17	0.36	0.53
Cash	0.00	-0.34	-2.49	-2.83

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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The indicated rates of return are those of the Sun Life MFS U.S. Growth Fund (Series I) and not the returns of the Sun Life MFS U.S. Growth Segregated Fund. The Sun Life MFS U.S. Growth Segregated Fund is a segregated fund offered by Sun Life Assurance Company of Canada through its Group Retirement Services platform and invests directly in Sun Life MFS U.S. Growth Fund, a mutual fund managed by Sun Life Global Investments (Canada) Inc. 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. Fund holding and attribution data is current as of the date of publication but is subject to change at any time due to ongoing portfolio transactions.

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