

# Sun Life MFS Canadian Bond Fund

## FUND REVIEW Q1, 2018

All currency references are in C\$ unless otherwise indicated; opinions and data as of March 31, 2018 unless otherwise indicated.

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

Canadian Fixed Income

### INVESTMENT OBJECTIVE

The fund aims to provide investors with high investment returns primarily through income, with reasonable safety of capital.

### MANAGEMENT COMPANY

Sun Life Global Investments (Canada) Inc.

### SUB-ADVISOR

MFS Investment Canada Limited  
Toronto, Ontario  
MFS Institutional Advisors, Inc.  
(MFS Investment Management)  
Boston, Massachusetts

### INCEPTION DATE

Series A: April 1, 2009  
Series F: March 30, 2012

### TOTAL ASSETS

\$145,624,363

### BENCHMARK

FTSE TMX Canada Universe Bond Index

## PERFORMANCE SUMMARY

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

The Sun Life MFS Canadian Bond Fund returned -0.5% in the first quarter, underperforming its benchmark by roughly 0.6 percentage points.

Government of Canada yield changes were modest quarter-over-quarter; however, the path of yields was more pronounced. Optimism around the strength of the economy and synchronized global growth fed into the expectation of rising yields and further hikes from the Bank of Canada. Corporate and provincials underperformed federal bonds, with provincials acting as a significant drag on the broader market.

Looking forward, the portfolio manager expects moderate global growth with low inflation, however higher financial market volatility will be an ongoing theme throughout 2018. Central bankers are still biased towards becoming less accommodative, which has diminished the likelihood they will step in to stabilize markets during periods of potential uncertainty. The Canadian economy faces exogenous headwinds, from the lack of clarity surrounding NAFTA negotiations and endogenous headwinds from high household debt, and the impacts of higher rates on debt carriers.

### Key contributors

- Sector allocation
  - A preference for corporate bonds bolstered performance despite corporate spreads ending the quarter slightly wider due to positive carry.

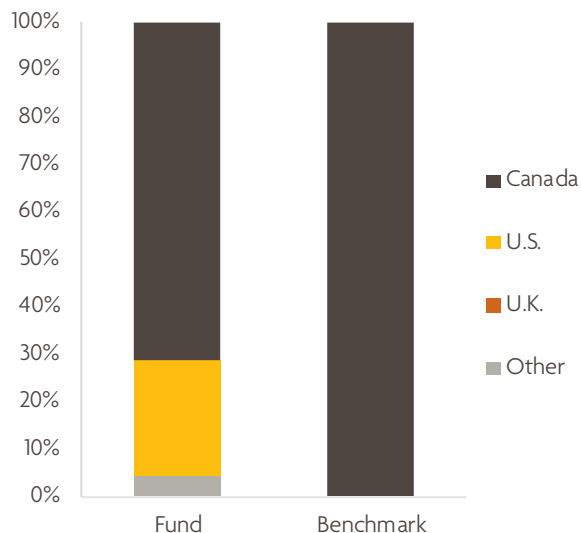
### Key detractors

- Allocation to U.S. bonds
  - U.S. investment grade and high yield corporate bonds, mainly in the industrial and financial sectors, held back relative performance.

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

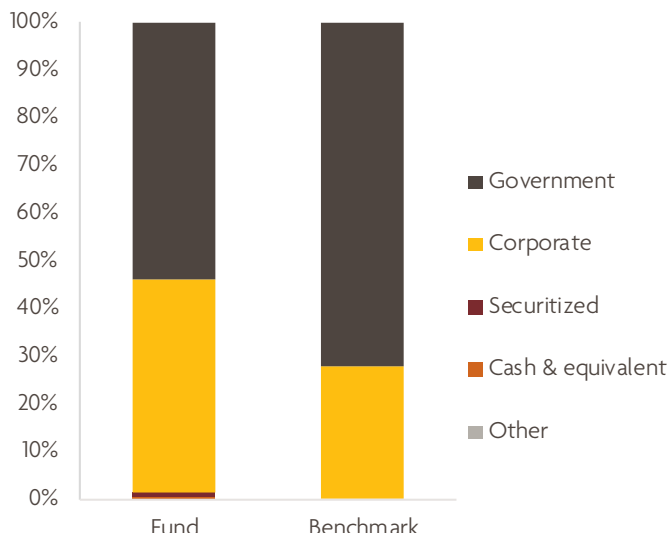
## FUND DETAILS

### GEOGRAPHIC ALLOCATION



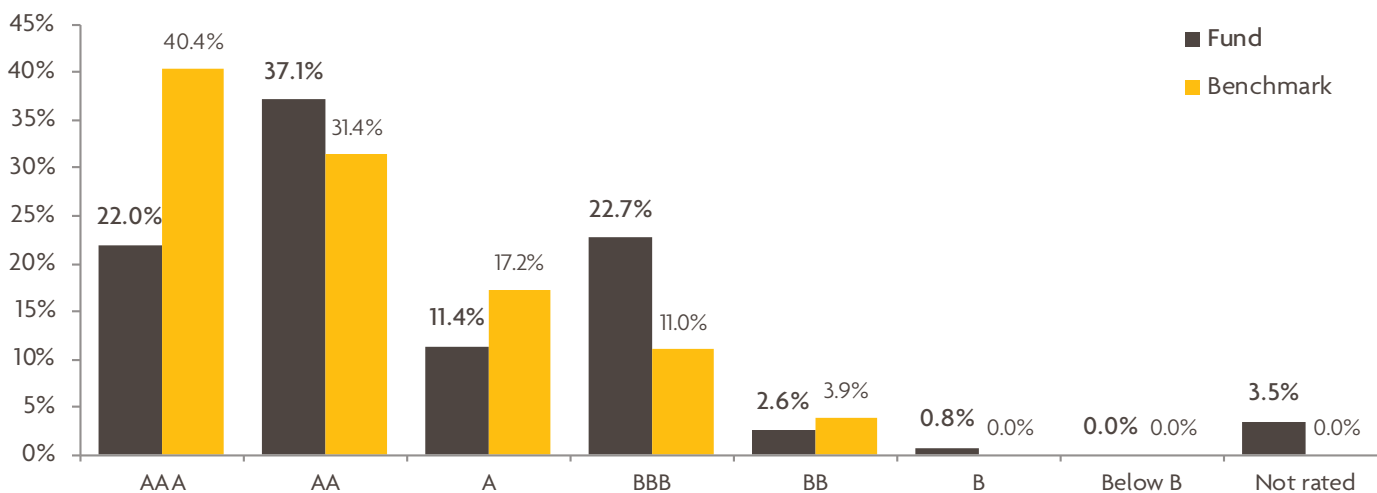
Sources: Morningstar and MFS.

### BREAKDOWN BY SECURITY TYPE



Sources: Morningstar and MFS.

### BREAKDOWN BY CREDIT QUALITY



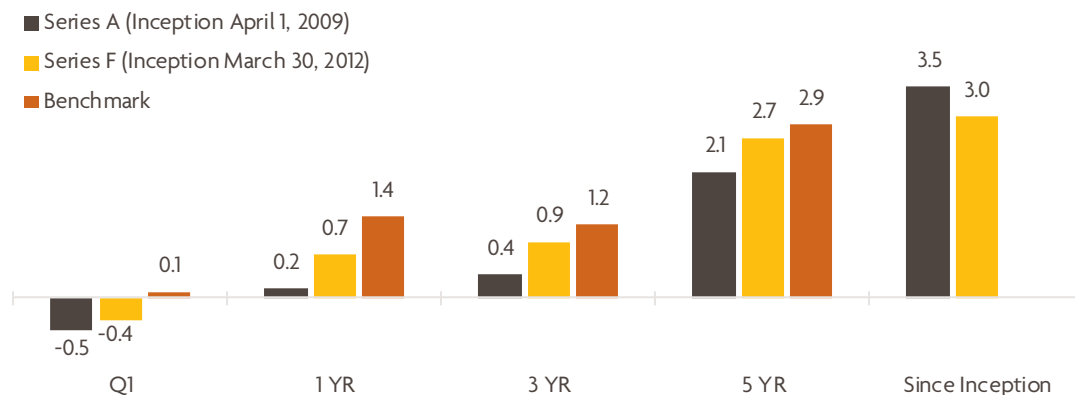
Sources: Morningstar and MFS.

	FUND	BENCHMARK
Duration (years)	7.6	7.4
Yield to maturity (%)	3.1	2.6

Duration is a measure of a bond's sensitivity to interest rates, expressed in years. The higher the duration, the more sensitive a bond is expected to be to changes in interest rates (and vice versa).

Yield to maturity is the total expected return of a bond investment, assuming the bond is held to maturity, expressed as an annualized percentage rate.

## PERFORMANCE %



When comparing the fund's performance with its benchmark, note the fund invests outside Canada, whereas the benchmark contains only Canadian fixed income securities. Series A and Series F have the same reference portfolio, but the management fees are different. Performance is expected to differ between series.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Commissions and trailing commissions are not payable on Series F units of the fund but management fees and expenses may be associated with these investments. Investors may pay a fee-based account fee that is negotiated and payable by them to their registered dealer. 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 securityholder 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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