

SUN LIFE MFS CANADIAN BOND FUND

FUND REVIEW Q1, 2017

All currency references are in C\$ unless otherwise indicated; opinions and data as of March 31, 2017 unless otherwise indicated.

CATEGORY¹

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

\$121,930,166.00

BENCHMARK

FTSE TMX Canada Universe Bond Index

PERFORMANCE SUMMARY

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

Sun Life MFS Canadian Bond Fund (Series A) returned 1.0% in the first quarter, underperforming its benchmark by roughly 0.2 percentage points.

MFS' core economic views have not changed this quarter. The managers do not expect U.S. fiscal stimulus and tax reform to meet current optimistic expectations in terms of timing and impact on growth and also believe trade rhetoric is a potential headwind, particularly to Canada.

The managers continue to expect credit to outperform over the course of the cycle, though many credits are looking fully valued. As a result the managers again trimmed the corporate allocation, including BBBs and high yield given outperformance, as the credit cycle has matured with proceeds deployed into federals. Right now we see opportunities in non-Canadian credits, specifically U.S. financials and industrials.

The managers expect the U.S. Fed to continue to hike in 2017, but they do not expect the Bank of Canada to match these increases given the outlook in Canada for soft growth and high consumer debt levels. With modest hikes by the BoC priced in, the managers believe there is value in the 5- to 10-year sector of the bond market and are overweight this part of the yield curve relative to the benchmark.

Key contributors

- Sector allocation to corporates
 - A preference for corporate bonds, particularly industrial and financial sector bonds, over federal bonds
- Yield curve positioning
 - Overweight exposure to the middle of the yield curve

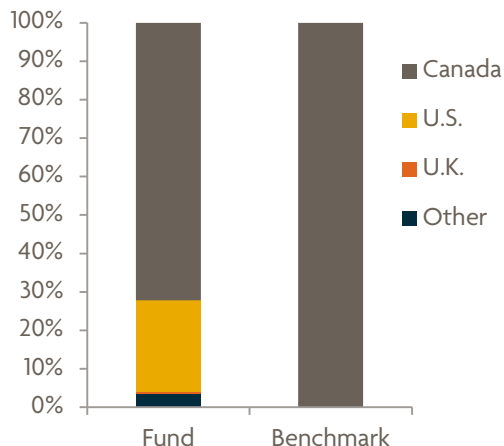
Key detractors

- Security selection in industrials and provincials

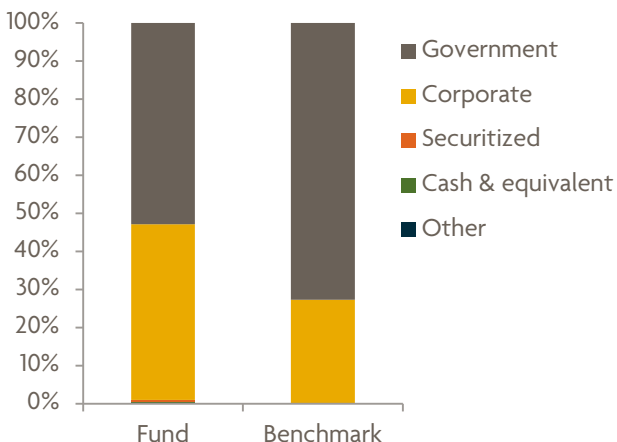
¹ Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

FUND DETAILS Source: Morningstar and MFS.

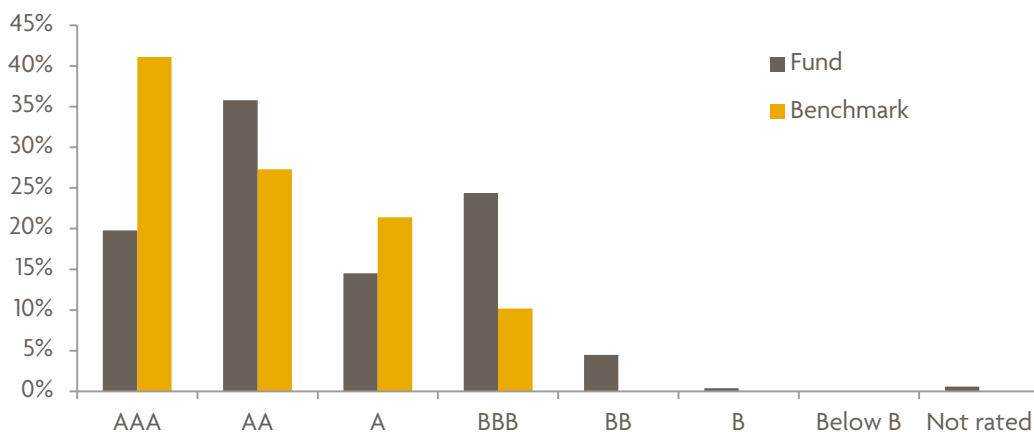
GEOGRAPHIC ALLOCATION



BREAKDOWN BY SECURITY TYPE



BREAKDOWN BY CREDIT QUALITY

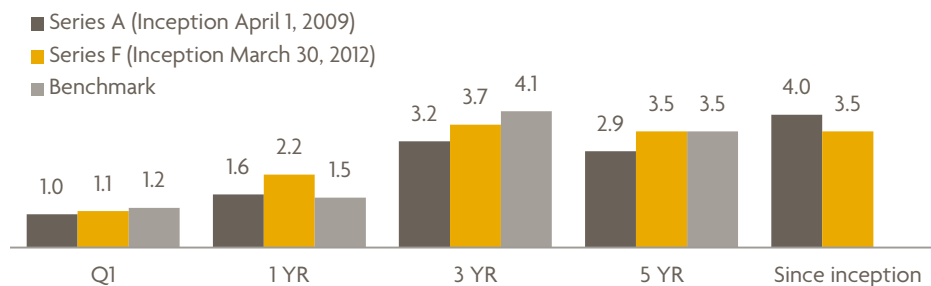


	FUND	BENCHMARK
Duration (years)	7.5	7.4
Yield to maturity (%)	2.7	2.1

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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