

Sun Life MFS International Value Fund

FUND REVIEW Q2, 2017

All currency references are in C\$ unless otherwise indicated; opinions and data as of June 30, 2017 unless otherwise indicated.

CATEGORY¹

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

\$1,318,117,790.00

BENCHMARK

MSCI EAFE

PERFORMANCE SUMMARY

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

Sun Life MFS International Value Fund (Series A) returned 5.1% in the second quarter, underperforming its benchmark by roughly 1.7 percentage points.

Global equity markets advanced during the second quarter. Rising corporate earnings, strengthening economies and continued support from central banks provided a favourable environment for the broad-based rally.

Technology has been the top-performing sector in the major global indices over the past year. While some individual stocks may be overvalued, the tech sector as a whole is not. However, the market as a whole may be overvalued and due for a correction as the bull market charges ahead into its ninth consecutive year.

The current valuations are difficult to justify in light of the serious risks facing the global economy, specifically the unsustainably high levels of government and bank debt, structural tensions within the eurozone, slowing growth in China and market distortions caused by the prolonged monetary easing from central banks.

With these downside risks always in mind, the managers have constructed the fund with the goal of minimizing drawdown. They continue to scrutinise balance sheets in pursuit of companies with conservative capital structures, able to withstand market downturns.

Key contributors

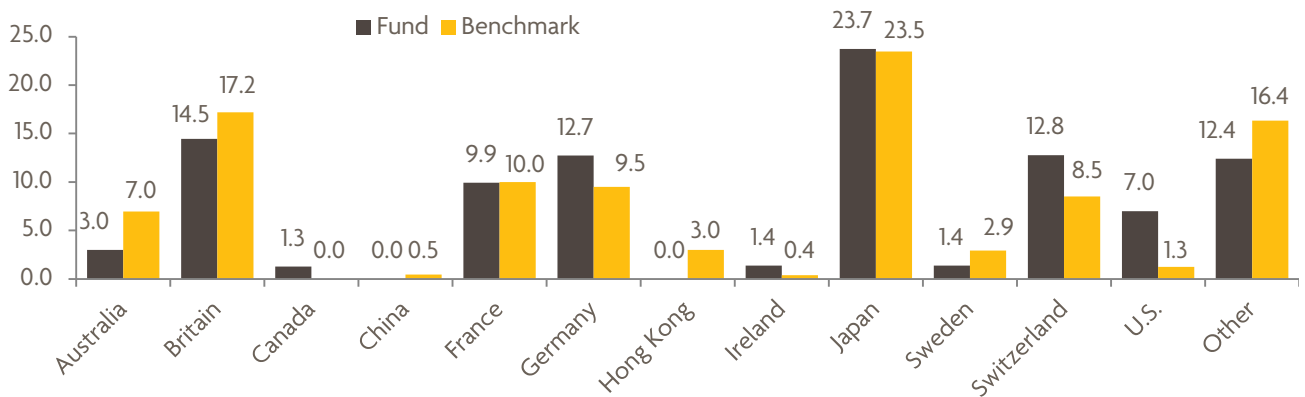
- Swiss global food company Nestlé
 - Stock rose on stronger than expected margins and improved balance sheet
- U.K. household products manufacturer Reckitt Benckiser
 - Shares rose after strong sales growth

Key detractors

- U.K. financial service firm HSBC Holdings
 - Not owning shares detracted from relative performance
- Canadian firm Fairfax Financial Holdings
 - Shares fell on weaker than expected financial results

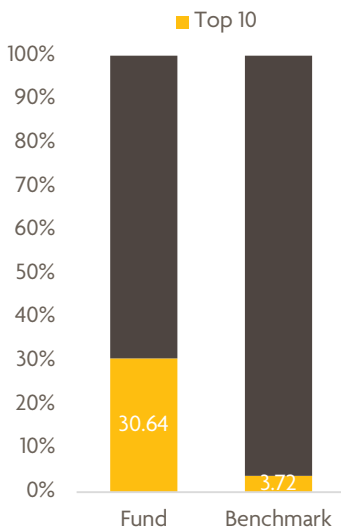
¹ Mutual fund categories are maintained by the Canadian Investment Funds Standards Committee (CIFSC).

GEOGRAPHIC ALLOCATION %



Source: MFS.

HOLDINGS ANALYSIS



Top 10 Holdings	Fund %	Benchmark %	+ / -
NESTLE	5.45	1.98	3.47
RECKITT BENCKISER	4.05	0.49	3.56
DANONE	3.50	0.32	3.18
HENKEL	2.87	0.18	2.69
TAIWAN SEMICONDUCTOR	2.70	0.00	2.70
KAO	2.52	0.21	2.31
PERNOD-RICARD	2.50	0.21	2.29
COMPASS	2.41	0.24	2.17
BRAMBLES	2.33	0.09	2.24
COLGATE-PALMOLIVE	2.32	0.00	2.32
Top 10 holdings % of net assets		30.64	3.72
Total # fund holdings		102	

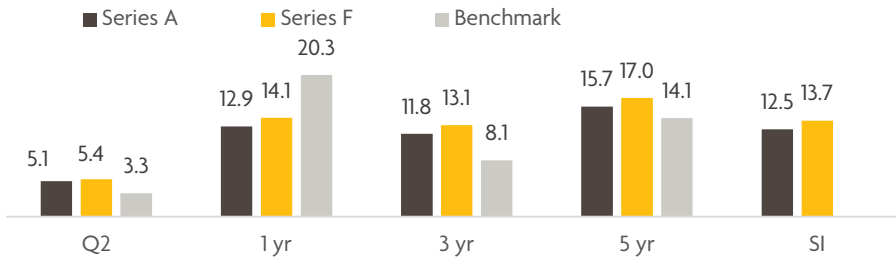
Holdings may change at any time without notice. Source: MFS and Morningstar.

CAPTURE RATIOS

Fund	Upside	Downside
Series A	93.1	71.1
Series F	96.3	66.7

Upside and downside capture ratios are for the five-year period ending June 30, 2017. Source: Morningstar.

PERFORMANCE %



When comparing the fund's performance with its benchmark, note the fund is a value-oriented fund, whereas the benchmark has no style bias. 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.

This quarterly review is published by Sun Life Global Investments (Canada) Inc. and contains information in summary form. Although information has been obtained from sources believed to be reliable, Sun Life Global Investments (Canada) Inc. cannot guarantee its accuracy or completeness. Information is subject to change. The quarterly review should not be construed as providing specific individual financial, investment, tax, or legal advice. Investors should speak with their professional advisors before acting on any information contained in this document. Please note, any future or forward looking statements contained in this quarterly review are speculative in nature and cannot be relied upon. There is no guarantee that these events will occur or in the manner speculated.

© 2017 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

© Sun Life Global Investments (Canada) Inc., 2017. Sun Life Global Investments (Canada) Inc. is a member of the Sun Life Financial group of companies.

Sun Life Global Investments (Canada) Inc.

1 York Street, Toronto, Ontario M5J 0B6

Telephone: 1-877-344-1434 | Facsimile: 416-979-2859

info@sunlifeglobalinvestments.com | www.sunlifeglobalinvestments.com