

Sun Life MFS U.S. Growth 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.

CATEGORY¹

U.S. equity

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

\$1,036,130,444

BENCHMARK

Russell 1000 Index

PERFORMANCE SUMMARY

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

Sun Life MFS U.S. Growth Fund (Series A) returned -11.2% in the fourth quarter, underperforming its benchmark by roughly 2.3 percentage points.

After a decade-long bull market, stocks corrected sharply in the fourth quarter as investors worried that the ideal climate they have long enjoyed—a strong economy, low interest rates, and fast-growing corporate profits—had come to an end, driven by fears about the impact of trade wars, slowing growth in China and higher interest rates in the U.S. More important, in a year that the benchmark delivered a negative total return, the strategy was able to provide a positive absolute return for investors, solidly outperforming the index.

Given the recent market volatility, particularly in the technology sector during Q4, some continue to question the sustainability of growth investing and have made comparisons between the technology companies of today and those of the late 1990s. The major difference between those two periods is that the more recent strong performance of the technology sector is better explained by margin expansion and earnings growth whereas in the period leading up to the tech bubble, valuations were the main catalyst for market appreciation. Moreover, in spite of the shake-up in the fourth quarter, technology stocks proved to be one of the better-performing sectors in the Russell 1000® Growth Index for the year.

Key contributors

- Danaher
 - Stock delivered strong results, with revenues and earnings ahead of expectations
- Abbott Laboratories
 - Stock posted strong organic growth figures, driven primarily by its Diabetes Care and Diagnostics segments, where revenues came in well-above market consensus estimates

Key detractors

- Activision Blizzard
 - Stock declined on lower than expected revenue and operating income due to headwinds that affected its live services for a number of titles and heightened execution risk
- Netflix
 - Stock posted solid quarterly earnings results, driven by better than expected domestic and international net adds, but suffered from overall market weakness in technology

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

PERFORMANCE²**SERIES A**

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	-11.19	-6.10	9.41	8.44	13.06	16.69	15.00
Benchmark	-8.94	-3.88	3.79	8.48	13.78	17.46	16.22
+ / -	-2.25	-2.22	5.61	-0.04	-0.72	-0.77	-1.21

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ³
Fund	9.41	20.02	-2.89	25.11	15.81	42.21	12.11	-0.52	8.18
Benchmark	3.79	13.69	8.18	21.03	23.44	42.04	13.84	4.01	7.47
+ / -	5.61	6.32	-11.07	4.08	-7.63	0.16	-1.74	-4.53	0.71

RISK ANALYSIS ⁴	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	0.97	1.11	12.72	1.69	103.64	115.47
Benchmark	1.21	1.00	10.51	2.15	100.00	100.00

SERIES F

COMPOUND RETURNS % ²	3 MONTH	6 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEPTION
Fund	-10.94	-5.56	10.68	9.74	14.37	18.00	16.30
Benchmark	-8.94	-3.88	3.79	8.48	13.78	17.46	16.22
+ / -	-2.00	-1.68	6.89	1.26	0.59	0.55	0.08

CALENDAR YEAR %	YTD	2017	2016	2015	2014	2013	2012	2011	2010 ³
Fund	10.68	21.56	-1.78	26.48	17.10	43.72	13.28	0.57	8.47
Benchmark	3.79	13.69	8.18	21.03	23.44	42.04	13.84	4.01	7.47
+ / -	6.89	7.86	-9.96	5.44	-6.35	1.68	-0.56	-3.44	1.01

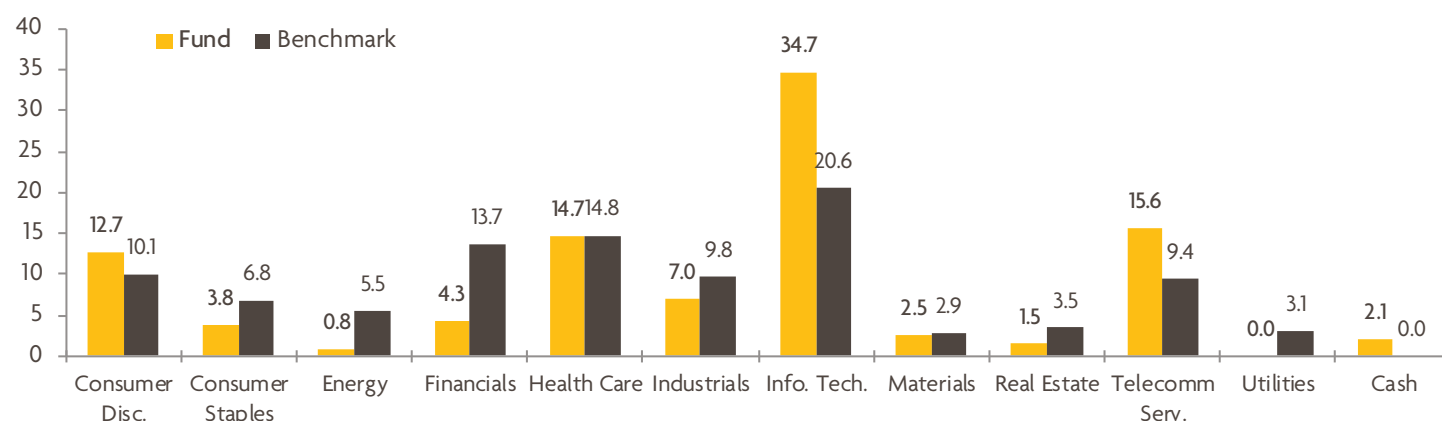
RISK ANALYSIS ⁴	SHARPE	BETA	STANDARD DEVIATION	SORTINO	UP CAPTURE	DOWN CAPTURE
Fund	1.06	1.11	12.73	1.89	107.34	111.68
Benchmark	1.21	1.00	10.51	2.15	100.00	100.00

²Returns 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.

³Partial calendar year. Returns are for the period from the fund's inception date of October 1, 2010 to December 31, 2010.

⁴Data based on 5-year period ending December 31, 2018.

SECTOR BREAKDOWN (%)



Source: MFS Institutional Advisors

ATTRIBUTION ANALYSIS (GROSS OF FEES)

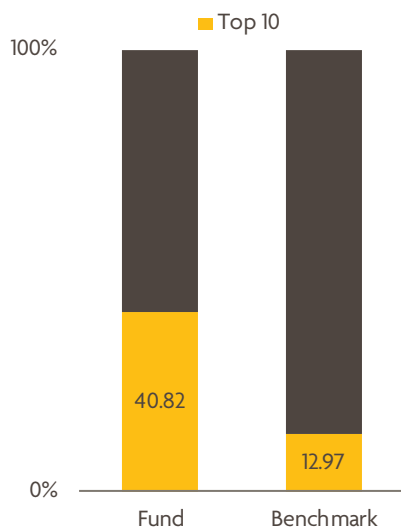
SECTOR	SECTOR WEIGHT			CONTRIBUTION TO TOTAL		
	FUND %	BENCHMARK %	+/-	FUND %	BENCHMARK %	+/-
Consumer Discretionary	12.70	10.06	2.64	-1.84	-1.14	-0.71
Consumer Staples	3.79	6.84	-3.05	-0.42	-0.03	-0.39
Energy	0.84	5.48	-4.64	-0.23	-1.24	1.01
Financials	4.34	13.67	-9.33	-0.15	-1.09	0.94
Health Care	14.74	14.76	-0.02	-0.41	-0.62	0.21
Industrials	7.00	9.75	-2.75	-0.67	-1.32	0.65
Information Technology	34.74	20.57	14.17	-3.87	-2.67	-1.20
Materials	2.55	2.87	-0.32	-0.16	-0.22	0.06
Real Estate	1.55	3.51	-1.96	0.20	-0.01	0.21
Telecomm Services	15.62	9.40	6.22	-3.04	-0.76	-2.28
Utilities	0.00	3.08	-3.08	0.00	0.16	-0.16
Cash	2.12	0.00	-	-	-	-

SECTOR	SECURITY		SECTOR	
	SELECTION %	CURRENCY %	ALLOCATION %	TOTAL %
Consumer Discretionary	-0.34	-0.01	-0.07	-0.42
Consumer Staples	-0.35	-0.01	-0.25	-0.61
Energy	-0.02	-0.01	0.55	0.52
Financials	0.21	-0.01	-0.08	0.12
Health Care	0.18	-0.01	0.01	0.18
Industrials	0.25	-0.01	0.12	0.37
Information Technology	0.59	0.00	-0.50	0.09
Materials	0.04	-0.01	0.00	0.03
Real Estate	0.20	-0.01	-0.16	0.02
Telecomm Services	-1.65	-0.01	0.03	-1.63
Utilities	0.00	0.00	-0.42	-0.43
Cash	0.00	-0.12	0.24	0.12

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 %	+ / -
MICROSOFT	6.83	3.30	3.53
AMAZON.COM	6.15	2.61	3.53
VISA	4.76	1.00	3.76
ADOBE	4.26	0.48	3.78
ALPHABET	4.24	1.35	2.89
MASTERCARD	3.72	0.74	2.98
FACEBOOK	3.04	1.33	1.70
SALESFORCE.COM	2.70	0.42	2.28
THERMO FISHER SCIENTIFIC	2.66	0.38	2.28
ALPHABET	2.46	1.35	1.11
Top 10 holdings % of net assets		40.82	12.97
Total # fund holdings		88	

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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