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# SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.

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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the financial year ended December 31, 2019

Sun Life MFS International Growth Fund



# Sun Life MFS International Growth Fund

This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can request a free copy of the annual financial statements by calling 1-877-344-1434, by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com) or by writing to us at Sun Life Global Investments (Canada) Inc., 1 York Street, Suite 3300, Toronto, Ontario, M5J 0B6. Our financial statements are available on our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objectives and Strategies

The fundamental investment objectives of the Sun Life MFS International Growth Fund (the "Fund") are to seek capital appreciation by investing primarily in equity securities of issuers outside of Canada and the U. S. that are considered to have above-average earnings growth potential compared to other issuers.

The Fund's sub-advisor is MFS Investment Management Canada Limited ("MFSIM") and the sub-advisor to MFSIM is MFS Institutional Advisors, Inc. ("MFS"). MFS uses a bottom-up investment approach to select investments primarily based on fundamental analysis of issuers and their potential in light of their current financial condition and industry position, as well as market, economic, political and regulatory conditions. MFS also considers factors such as earnings, cash flows, competitive position and management ability of issuers. The Fund may invest in securities of issuers located anywhere in the world, including those in emerging markets.

### Risk

There were no changes in the Fund's investment objectives or strategies during the period which materially impacted the overall level of risk in the Fund. The risks associated with investing in the Fund remain as outlined in the Fund's Simplified Prospectus.

### Results of Operations

During the period, the net asset value of the Fund increased from \$541.2 million to \$779.4 million due to positive net sales, as well as positive performance.

During the period, the Fund returned 19.2% for Series A units, this result surpassed the Fund's benchmark, which returned 15.8%. The performance returns for other series of this Fund are similar to those of Series A except for differences in expense structures. Please refer to the 'Past Performance' section of this report for performance of each series and a definition of the benchmark and broad-based index if applicable.

A combination of stock selection and an overweight to the Information Technology sector contributed positively to performance. Taiwan Semiconductor Manufacturing Company was a top contributor within the sector. The company reported

strong results on revenues and earnings as demand for chips increased driven by the rise of 5G devices. Another top contributor, SAP SE, an enterprise applications company, also delivered strong results partly due to its cloud computing business unit, which impacted share prices positively. Other contributors included electronics company Hitachi, system services provider OBIC and IT consulting firm Accenture.

Elsewhere, the Fund's overweight holdings of luxury goods company LVMH, electrical distribution equipment manufacturer Schneider Electric, and internet search engine and online computer games provider Naver contributed positively to performance. Also, the Fund's holdings of a provider of software development services and information technology solutions Luxoft Holding and industrial gas supplier Linde further contributed to performance.

During the reporting period, the Fund's currency exposure, due to holding of stocks denominated in foreign currencies, detracted from performance.

Internet search provider Baidu was a top detractor. The stock declined significantly, as the company reported a loss for the first time and this impacted its share prices negatively. Other detractors included diversified industrial manufacturer Rolls-Royce, marketing holding company ITC, wine and alcoholic beverage producer Pernod Ricard and household products manufacturer Reckitt Benckiser.

Underweight to online and mobile commerce company Alibaba Group Holding negatively impacted performance. Other detractors included tobacco company Japan Tobacco, financial services provider AEON Financial Service and investment management and banking firm UBS.

### Recent Developments

The Manager announced on November 29, 2019 that it intended to separate Series O securities from the Sun Life Global Investments Private Client Program for all the mutual funds that it manages. Subsequent to the reporting period, the Manager implemented this change to the Private Client Program on February 26, 2020.

Fading fears of a near-term global recession, the announcement of a partial trade deal between the United States and China and the decline in uncertainty over Brexit helped bolster market sentiment late in the period. Changes in market sentiment, largely driven by uncertainty over the outcome of trade negotiations between the U.S. and China, had contributed to

# Sun Life MFS International Growth Fund

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periodic bouts of volatility during the reporting period. The global economy decelerated, led by weakness in China and Europe, although the pace of the slowdown moderated late in the period amid nascent signs of stabilization in the manufacturing sector.

The deteriorating global growth backdrop, along with declining inflationary pressures, prompted the U.S. Federal Reserve to adopt a more accommodating posture beginning in early 2019, resulting in the first interest rate cut in over a decade at the end of July, followed by additional cuts in September and October. The Fed's actions led to a sharp decline in long-term interest rates during the period's second half, causing the inversion of portions of the U.S. Treasury yield curve for a time. Amid an improvement in risk sentiment in Q4 2019 and indications of a bottoming in growth and potential upturn in activity, the Fed indicated in October that further rate cuts were unlikely unless the outlook for the economy materially worsened.

Globally, central banks have tilted more accommodating as well, with the European Central Bank unveiling a package of easing measures, which included reducing overnight rates further, restarting its bond-buying program and lengthening the term of cheap loans to banks to three years from two. The central banks of India and Australia are among those that have cut rates several times in recent months, with China cutting rates only marginally as it keeps trying to deleverage its economy.

Market volatility improved in 2019 as the Fed became more accommodating. Despite the trade friction between the U.S. and China over much of the year, emerging market debts benefited from relatively cheap valuations at the beginning of the period and easier global monetary conditions.

The Manager cautions that the current global uncertainty with respect to the spread of the coronavirus (COVID-19) and its effect on the broader global economy may have a significant impact to the volatility of the financial market. While the precise impact remains unknown, rapid spread of the virus may have a material adverse effect on global economic activity and disrupt global supply chains, operations, mobility of people, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to fund performance.

## Related Party Transactions

Sun Life Global Investments (Canada) Inc. (the "Manager") is the manager, trustee and portfolio manager of the Fund. For its services, the Manager receives a management fee that is calculated as a percentage of the average net asset value of the Fund. This fee is calculated daily and payable monthly.

The Manager is responsible for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging for the provision of investment advice, bookkeeping, recordkeeping and other administrative services for the Fund.

As trustee, the Manager holds legal title to the Fund's investments in trust for unitholders.

As portfolio manager, the Manager is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. The Manager has retained MFS Institutional Advisors, Inc. ("MFS"), an affiliate, to act as a sub-advisor for the Fund.

The Manager is an indirect wholly owned subsidiary of Sun Life Financial Inc., which also has an indirect majority ownership interest in MFS.

## Fund Administrative Expenses

The Manager pays certain operating expenses of the Fund (the "Administration Expenses") in return for a fixed administration fee paid to the Manager by the Fund ("Administration Fee"). The Administration Fee is based on the net asset value of each series of the Fund. The Administration Expenses include, but are not limited to, record keeper fees, accounting, audit and legal fees, bank and interest charges, safekeeping and custodial fees, taxes, administrative and systems costs, costs of reports to investors, prospectuses and other disclosure documents, regulatory filing fees (including those incurred by the Manager) and trustee fees for registered plans. The amount of this charge is disclosed as Fixed annual administration fees in the Fund's Statement of Comprehensive Income found in the annual financial statements.

The Fund also pays certain operating expenses directly (the "Fund Costs"). Fund Costs include: borrowing costs incurred by the Fund from time to time; costs in connection with portfolio transactions; fees and expenses payable to or in connection with the Fund's Independent Review Committee ("IRC"); taxes payable by the Fund; and the costs of complying with any new regulatory or legal requirement imposed on the Fund. The Fund allocates Fund Costs proportionately among each series of the Fund to which they apply. The Fund Costs that are specific to a series of securities are allocated to that series. These amounts are paid out of the assets attributed to each series of securities of the Fund, which reduces the return you may receive.

# Sun Life MFS International Growth Fund

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the previous five years or for the periods since inception to December 31, 2019.

### The Fund's Net Asset Value per Unit (\$)<sup>(1)</sup>

#### Sun Life MFS International Growth Fund - Series A

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.08	16.38	13.51	14.20	12.02
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.34	0.32	0.32	0.28
Total expenses	(1.06)	(1.45)	(1.51)	(1.08)	(1.18)
Realized gains (losses) for the period	0.57	1.80	0.68	0.29	0.31
Unrealized gains (losses) for the period	2.80	(1.43)	3.41	0.21	2.59
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.68</b>	<b>(0.74)</b>	<b>2.90</b>	<b>(0.26)</b>	<b>2.00</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.13)	-	-	-
From capital gains	-	(1.77)	(0.13)	(0.21)	(0.07)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>(1.90)</b>	<b>(0.13)</b>	<b>(0.21)</b>	<b>(0.07)</b>
<b>Net asset value, end of period</b>	<b>16.77</b>	<b>14.08</b>	<b>16.38</b>	<b>13.51</b>	<b>14.20</b>

#### Sun Life MFS International Growth Fund - Series T5

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	16.42	19.80	17.01	18.78	16.57
<b>Increase (decrease) from operations:</b>					
Total revenue	0.45	0.41	0.37	0.45	0.41
Total expenses	(1.16)	(1.68)	(1.83)	(1.41)	(1.62)
Realized gains (losses) for the period	0.73	2.09	0.78	0.36	0.39
Unrealized gains (losses) for the period	3.18	(1.42)	4.31	0.02	2.82
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.20</b>	<b>(0.60)</b>	<b>3.63</b>	<b>(0.58)</b>	<b>2.00</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	(0.39)	-	-
From capital gains	-	(2.03)	(0.15)	(0.26)	(0.09)
Return of capital	(0.82)	(0.91)	(0.39)	(0.86)	(0.76)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.82)</b>	<b>(2.94)</b>	<b>(0.93)</b>	<b>(1.12)</b>	<b>(0.85)</b>
<b>Net asset value, end of period</b>	<b>18.70</b>	<b>16.42</b>	<b>19.80</b>	<b>17.01</b>	<b>18.78</b>

#### Sun Life MFS International Growth Fund - Series T8

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	13.64	16.46	14.57	16.58	15.02
<b>Increase (decrease) from operations:</b>					
Total revenue	0.41	0.40	0.29	0.43	0.34
Total expenses	(0.98)	(1.48)	(1.61)	(1.23)	(1.45)
Realized gains (losses) for the period	0.73	2.01	0.60	0.29	0.38
Unrealized gains (losses) for the period	2.74	(0.73)	2.11	(0.05)	3.50
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.90</b>	<b>0.20</b>	<b>1.39</b>	<b>(0.56)</b>	<b>2.77</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	(0.56)	-	-
From capital gains	-	(1.24)	(0.13)	(0.22)	(0.10)
Return of capital	(1.09)	(1.21)	(0.56)	(1.22)	(1.10)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.09)</b>	<b>(2.45)</b>	<b>(1.25)</b>	<b>(1.44)</b>	<b>(1.20)</b>
<b>Net asset value, end of period</b>	<b>15.09</b>	<b>13.64</b>	<b>16.46</b>	<b>14.57</b>	<b>16.58</b>

#### Sun Life MFS International Growth Fund - Series D

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.52	16.73	13.70	14.34	12.04
<b>Increase (decrease) from operations:</b>					
Total revenue	0.39	0.36	0.34	0.32	0.29
Total expenses	(0.75)	(0.96)	(1.01)	(0.71)	(0.78)
Realized gains (losses) for the period	0.63	1.77	0.65	0.29	0.33
Unrealized gains (losses) for the period	2.64	(1.42)	3.20	(0.29)	2.58
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.91</b>	<b>(0.25)</b>	<b>3.18</b>	<b>(0.39)</b>	<b>2.42</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.06)	(0.16)	(0.02)	(0.05)	-
From capital gains	-	(1.77)	(0.13)	(0.22)	(0.07)
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.06)</b>	<b>(1.93)</b>	<b>(0.15)</b>	<b>(0.27)</b>	<b>(0.07)</b>
<b>Net asset value, end of period</b>	<b>17.36</b>	<b>14.52</b>	<b>16.73</b>	<b>13.70</b>	<b>14.34</b>

#### Sun Life MFS International Growth Fund - Series F

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	14.92	17.43	14.31	14.98	12.58
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.35	0.34	0.34	0.29
Total expenses	(0.55)	(0.75)	(0.87)	(0.62)	(0.69)
Realized gains (losses) for the period	0.50	1.87	0.70	0.30	0.32
Unrealized gains (losses) for the period	2.62	(2.06)	3.17	(0.31)	2.42
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.94</b>	<b>(0.59)</b>	<b>3.34</b>	<b>(0.29)</b>	<b>2.34</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.20)	(0.35)	(0.12)	(0.10)	(0.04)
From capital gains	-	(1.93)	(0.13)	(0.23)	(0.08)
Return of capital	(0.01)	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.21)</b>	<b>(2.28)</b>	<b>(0.25)</b>	<b>(0.33)</b>	<b>(0.12)</b>
<b>Net asset value, end of period</b>	<b>17.78</b>	<b>14.92</b>	<b>17.43</b>	<b>14.31</b>	<b>14.98</b>

# Sun Life MFS International Growth Fund

## Sun Life MFS International Growth Fund - Series F5

	2019	2018
	(\$)	(\$)
Net asset value, beginning of period	12.96	15.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.34	0.25
Total expenses	(0.46)	(0.58)
Realized gains (losses) for the period	0.53	1.67
Unrealized gains (losses) for the period	2.22	(2.15)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.63</b>	<b>(0.81)</b>
<b>Distributions:</b>		
From income (excluding dividends)	-	-
From dividends	-	(0.63)
From capital gains	-	(1.58)
Return of capital	(0.65)	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.65)</b>	<b>(2.21)</b>
<b>Net asset value, end of period</b>	<b>14.93</b>	<b>12.96</b>

## Sun Life MFS International Growth Fund - Series F8

	2019	2018
	(\$)	(\$)
Net asset value, beginning of period	13.82	15.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.50	0.42
Total expenses	(0.50)	(0.60)
Realized gains (losses) for the period	1.04	2.07
Unrealized gains (losses) for the period	2.99	(1.39)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>4.03</b>	<b>0.50</b>
<b>Distributions:</b>		
From income (excluding dividends)	-	-
From dividends	-	(1.10)
From capital gains	-	(0.28)
Return of capital	(1.11)	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.11)</b>	<b>(1.38)</b>
<b>Net asset value, end of period</b>	<b>15.46</b>	<b>13.82</b>

## Sun Life MFS International Growth Fund - Series I

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	15.77	18.08	14.81	15.51	12.97
<b>Increase (decrease) from operations:</b>					
Total revenue	0.41	0.43	0.37	0.35	0.29
Total expenses	(0.03)	(0.04)	(0.04)	(0.03)	(0.03)
Realized gains (losses) for the period	0.69	1.92	0.78	0.32	0.33
Unrealized gains (losses) for the period	2.63	(1.99)	2.42	(0.69)	2.02
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.70</b>	<b>0.32</b>	<b>3.53</b>	<b>(0.05)</b>	<b>2.61</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.39)	(0.31)	(0.29)	(0.18)
From capital gains	-	(1.87)	(0.14)	(0.24)	(0.08)
Return of capital	(0.33)	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.33)</b>	<b>(2.26)</b>	<b>(0.45)</b>	<b>(0.53)</b>	<b>(0.26)</b>
<b>Net asset value, end of period</b>	<b>18.87</b>	<b>15.77</b>	<b>18.08</b>	<b>14.81</b>	<b>15.51</b>

## Sun Life MFS International Growth Fund - Series O

	2019	2018	2017	2016	2015
	(\$)	(\$)	(\$)	(\$)	(\$)
Net asset value, beginning of period	11.48	13.28	10.88	11.40	9.52
<b>Increase (decrease) from operations:</b>					
Total revenue	0.32	0.29	0.26	0.26	0.25
Total expenses	(0.07)	(0.09)	(0.12)	(0.08)	(0.08)
Realized gains (losses) for the period	0.53	1.42	0.54	0.24	0.28
Unrealized gains (losses) for the period	1.74	(1.64)	2.02	(0.37)	1.24
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.52</b>	<b>(0.02)</b>	<b>2.70</b>	<b>0.05</b>	<b>1.69</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.32)	(0.21)	(0.19)	(0.10)
From capital gains	-	(1.43)	(0.10)	(0.18)	(0.06)
Return of capital	(0.22)	-	-	(0.01)	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.22)</b>	<b>(1.75)</b>	<b>(0.31)</b>	<b>(0.38)</b>	<b>(0.16)</b>
<b>Net asset value, end of period</b>	<b>13.75</b>	<b>11.48</b>	<b>13.28</b>	<b>10.88</b>	<b>11.40</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> Net Assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.

<sup>(3)</sup> Distributions were paid in cash, reinvested in additional units of the Fund, or both.

## Ratios and Supplemental Data

### Sun Life MFS International Growth Fund - Series A

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	26,982,201	19,296,332	10,714,336	6,155,784	4,667,243
Number of units outstanding <sup>(1)</sup>	1,608,572	1,370,771	654,027	455,716	328,569
Management expense ratio (%) <sup>(2)</sup>	2.27	2.27	2.44	2.45	2.46
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.27	2.27	2.44	2.45	2.46
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	16.77	14.08	16.38	13.51	14.20

### Sun Life MFS International Growth Fund - Series T5

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	153,174	143,689	128,786	42,031	56,733
Number of units outstanding <sup>(1)</sup>	8,191	8,753	6,504	2,472	3,021
Management expense ratio (%) <sup>(2)</sup>	2.18	2.21	2.40	2.48	2.49
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.18	2.21	2.40	2.48	2.49
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	18.70	16.42	19.80	17.01	18.78

### Sun Life MFS International Growth Fund - Series T8

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	109,071	200,759	312,834	25,696	71,829
Number of units outstanding <sup>(1)</sup>	7,227	14,714	19,009	1,764	4,331
Management expense ratio (%) <sup>(2)</sup>	2.25	2.32	2.50	2.49	2.49
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	2.25	2.32	2.50	2.49	2.49
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	15.09	13.64	16.46	14.57	16.58

# Sun Life MFS International Growth Fund

## Sun Life MFS International Growth Fund - Series D

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	3,432,931	3,250,051	3,464,343	2,865,022	3,087,307
Number of units outstanding <sup>(1)</sup>	197,695	223,864	207,036	209,076	215,257
Management expense ratio (%) <sup>(2)</sup>	1.55	1.46	1.61	1.60	1.60
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.55	1.46	1.61	1.60	1.60
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	17.36	14.52	16.73	13.70	14.34

## Sun Life MFS International Growth Fund - Series F

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	14,246,695	6,314,042	3,764,859	2,469,302	2,344,952
Number of units outstanding <sup>(1)</sup>	801,496	423,211	215,966	172,615	156,496
Management expense ratio (%) <sup>(2)</sup>	1.11	1.10	1.32	1.32	1.35
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.11	1.10	1.32	1.32	1.35
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	17.78	14.92	17.43	14.31	14.98

## Sun Life MFS International Growth Fund - Series F5

	2019	2018
Total net asset value (\$) <sup>(1)</sup>	24,843	20,576
Number of units outstanding <sup>(1)</sup>	1,664	1,588
Management expense ratio (%) <sup>(2)</sup>	1.09	1.11
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.09	1.11
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20
Net asset value per unit (\$) <sup>(1)</sup>	14.93	12.96

## Sun Life MFS International Growth Fund - Series F8

	2019	2018
Total net asset value (\$) <sup>(1)</sup>	12,211	10,104
Number of units outstanding <sup>(1)</sup>	790	731
Management expense ratio (%) <sup>(2)</sup>	1.13	1.11
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	1.13	1.11
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20
Net asset value per unit (\$) <sup>(1)</sup>	15.46	13.82

## Sun Life MFS International Growth Fund - Series I

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	732,751,542	510,274,622	582,081,443	287,094,499	251,662,224
Number of units outstanding <sup>(1)</sup>	38,838,155	32,362,020	32,196,941	19,386,197	16,223,099
Management expense ratio (%) <sup>(2)</sup>	0.06	0.06	0.06	0.06	0.06
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.06	0.06	0.06	0.06	0.06
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	18.87	15.77	18.08	14.81	15.51

## Sun Life MFS International Growth Fund - Series O

	2019	2018	2017	2016	2015
Total net asset value (\$) <sup>(1)</sup>	1,710,018	1,693,756	1,620,191	873,863	689,209
Number of units outstanding <sup>(1)</sup>	124,386	147,530	122,039	80,303	60,464
Management expense ratio (%) <sup>(2)</sup>	0.17	0.17	0.23	0.22	0.21
Management expense ratio before waivers or absorption (%) <sup>(2)</sup>	0.17	0.17	0.23	0.22	0.21
Trading expense ratio (%) <sup>(3)</sup>	0.11	0.10	0.14	0.11	0.21
Portfolio turnover rate (%) <sup>(4)</sup>	38.19	54.20	33.54	33.21	23.60
Net asset value per unit (\$) <sup>(1)</sup>	13.75	11.48	13.28	10.88	11.40

<sup>(1)</sup> This information is provided as at December 31 of the period shown, as applicable.

<sup>(2)</sup> Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) including the Fund's allocated percentage of Fund-on-Funds' expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

<sup>(4)</sup> The Fund's portfolio turnover ratio indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover ratio of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover ratio in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

## Management Fees

The maximum annual management fee paid by the Fund is a percentage of the average daily net asset value of each series of securities of the Fund exclusive of any applicable taxes and operating expenses, which is accrued daily and is paid to the Manager monthly in arrears. Management fees pay for portfolio and investment advisory services, oversight of any service providers, marketing and promotional activities, arranging for the distribution and sale of securities of the Fund, general administration of Fund operations and sales and trailing commissions paid to dealers.

The percentages and major services paid for out of the management fees are set out below:

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate (%)	Dealer Compensation (%) <sup>(*)</sup>	General Administration, Investment Advice and Profit (%)
Series A Units	1.85	50	50
Series T5 Units	1.85	45	55
Series T8 Units	1.85	44	56
Series D Units	1.25	26	74
Series F Units	0.85	–	100
Series F5 Units	0.85	–	100
Series F8 Units	0.85	–	100
Series I Units <sup>(†)</sup>	–	–	–
Series O Units <sup>(†)</sup>	0.85	–	–

<sup>(\*)</sup> Includes sales and trailing commissions.

<sup>(†)</sup> Series O management fees are not paid by the Fund. Series O investors pay management fees directly to the manager.

<sup>(†)</sup> Series I management fees are not paid by the Fund. Series I investors negotiate management fees and pay directly to the manager.

# Sun Life MFS International Growth Fund

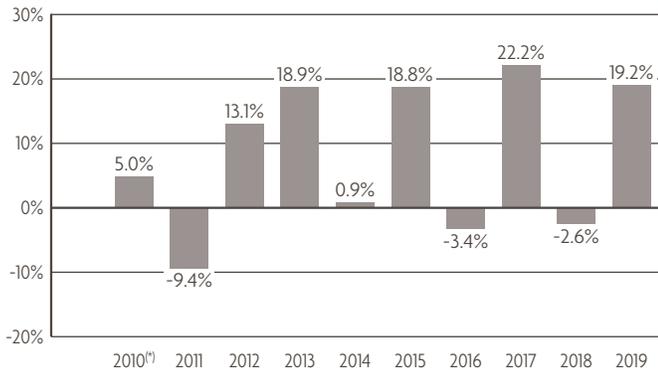
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution, other optional charges or income tax payable by any unitholder that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

## Year-by-Year Returns

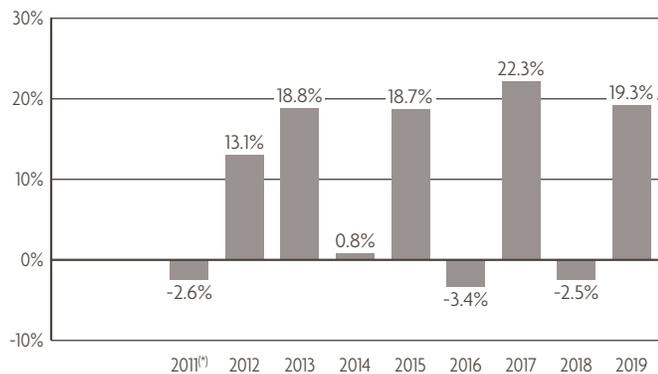
The following bar chart shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

**Series A Units – Annual return for the period ended December 31, 2019**



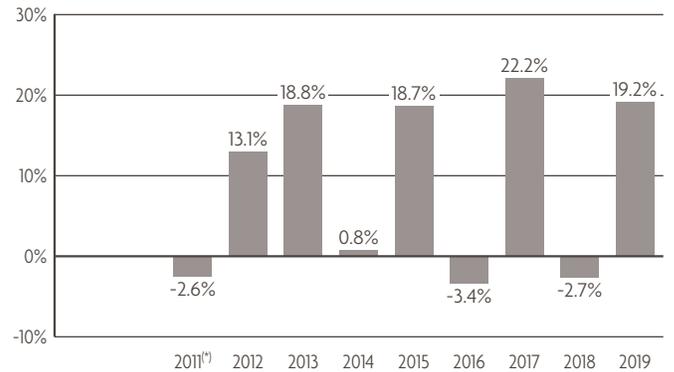
<sup>(\*)</sup> for the period of October 1, 2010 to December 31, 2010.

**Series T5 Units – Annual return for the period ended December 31, 2019**



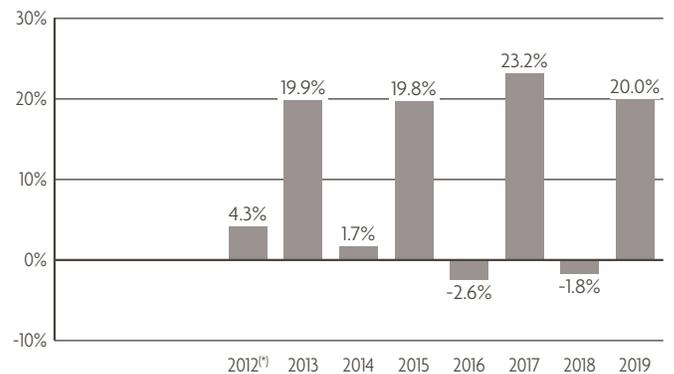
<sup>(\*)</sup> for the period of September 1, 2011 to December 31, 2011.

**Series T8 Units – Annual return for the period ended December 31, 2019**



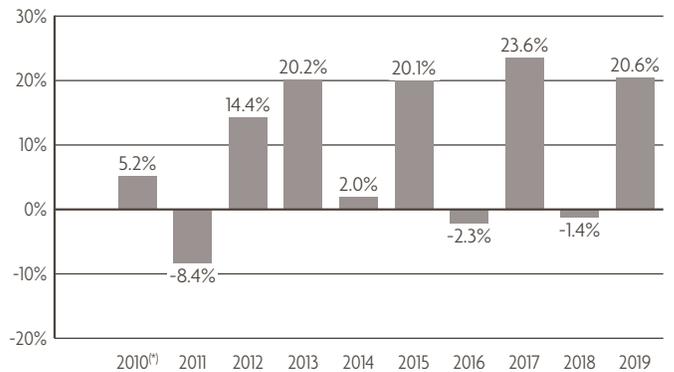
<sup>(\*)</sup> for the period of September 1, 2011 to December 31, 2011.

**Series D Units – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of November 1, 2012 to December 31, 2012.

**Series F Units – Annual return for the period ended December 31, 2019**



<sup>(\*)</sup> for the period of October 1, 2010 to December 31, 2010.

# Sun Life MFS International Growth Fund

Series F5 Units – Annual return for the period ended December 31, 2019



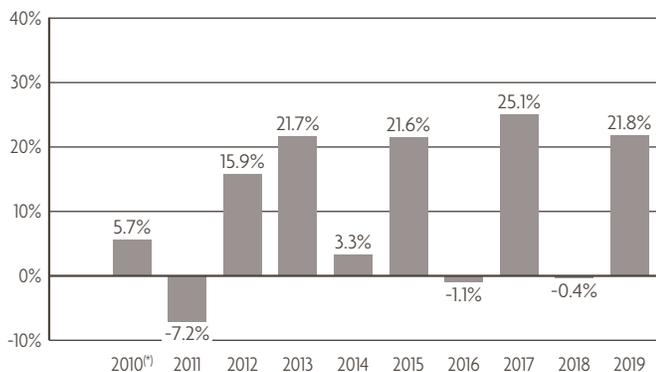
<sup>(\*)</sup> for the period of February 9, 2018 to December 31, 2018.

Series F8 Units – Annual return for the period ended December 31, 2019



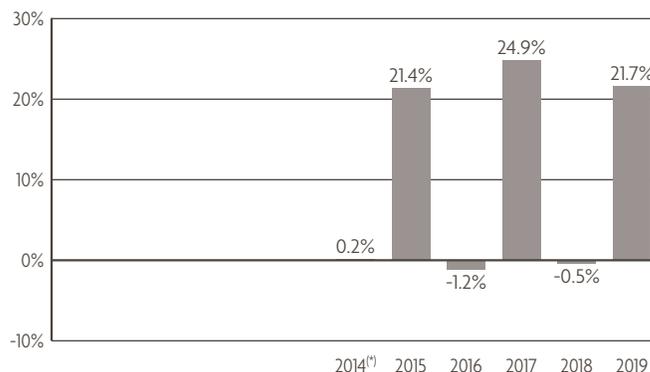
<sup>(\*)</sup> for the period of February 9, 2018 to December 31, 2018.

Series I Units – Annual return for the period ended December 31, 2019



<sup>(\*)</sup> for the period of October 1, 2010 to December 31, 2010.

Series O Units – Annual return for the period ended December 31, 2019



<sup>(\*)</sup> for the period of April 1, 2014 to December 31, 2014.

## Annual Compound Returns

The table compares the historical annual compound total returns of Series A, T5, T8, D, F, F5, F8, I and O securities of the Fund with the following benchmark and broad-based index, if applicable:

The benchmark (the “Benchmark”) is composed of:  
MSCI EAFE Index C\$

The Series A units outperformed the benchmark over the past five years, over the past three years, and over the past year, but underperformed since inception.

	1 Year	3 Year	5 Year	10 Year	Performance Start Date <sup>(1)(2)(3)(4)(5)(6)(7)(8)(9)</sup>
Series A	19.2%	12.4%	10.2%	N/A	8.3%
Benchmark	15.8%	8.3%	8.1%	7.8%	8.6%
Series T5	19.3%	12.4%	10.3%	N/A	9.6%
Series T8	19.2%	12.3%	10.2%	N/A	9.6%
Benchmark	15.8%	8.3%	8.1%	7.8%	10.1%
Series D	20.0%	13.3%	11.1%	N/A	11.3%
Benchmark	15.8%	8.3%	8.1%	7.8%	11.0%
Series F	20.6%	13.7%	11.5%	N/A	9.6%
Benchmark	15.8%	8.3%	8.1%	7.8%	8.6%
Series F5	20.6%	N/A	N/A	N/A	10.9%
Series F8	20.5%	N/A	N/A	N/A	10.9%
Benchmark	15.8%	8.3%	8.1%	7.8%	5.0%
Series I	21.8%	14.9%	12.8%	N/A	10.9%
Benchmark	15.8%	8.3%	8.1%	7.8%	8.6%

# Sun Life MFS International Growth Fund

Series O	21.7%	14.8%	12.7%	N/A	10.9%
Benchmark	15.8%	8.3%	8.1%	7.8%	6.8%

- <sup>(1)</sup> The performance start date for Series A units was October 1, 2010.  
<sup>(2)</sup> The performance start date for Series T5 units was September 1, 2011.  
<sup>(3)</sup> The performance start date for Series T8 units was September 1, 2011.  
<sup>(4)</sup> The performance start date for Series D units was November 1, 2012.  
<sup>(5)</sup> The performance start date for Series F units was October 1, 2010.  
<sup>(6)</sup> The performance start date for Series F5 units was February 9, 2018.  
<sup>(7)</sup> The performance start date for Series F8 units was February 9, 2018.  
<sup>(8)</sup> The performance start date for Series I units was October 1, 2010.  
<sup>(9)</sup> The performance start date for Series O units was April 1, 2014.

## INDEX DESCRIPTION(S)

The MSCI EAFE Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in 21 developed market countries within Europe, Australia and the Far East.

## Summary of Investment Portfolio\*

as at December 31, 2019

## Top 25 Investments

Holding Name	Percentage of Net Asset Value of the Fund (%)
1 Nestle SA	5.3
2 Roche Holding AG	4.9
3 Taiwan Semiconductor Manufacturing Co., Ltd.	4.6
4 SAP AG	3.8
5 ALA Group Ltd.	3.8
6 LVMH Moet Hennessy Louis Vuitton SA	3.5
7 L'Oreal SA	2.7
8 Danone SA	2.6
9 Novartis AG	2.5
10 Pernod Ricard SA	2.4
11 Schneider Electric SE	2.4
12 Linde PLC	2.4
13 Cie Generale d'Optique Essilor International SA	2.3
14 Diageo PLC	2.2
15 HDFC Bank Ltd.	2.2
16 Reckitt Benckiser Group PLC	2.0
17 Hitachi Ltd.	1.9
18 Bayer AG	1.9
19 Accenture PLC	1.8
20 Air Liquide SA	1.8
21 Experian PLC	1.6
22 Akzo Nobel NV	1.5
23 Terumo Corp.	1.4
24 Baidu Inc.	1.4
25 DBS Group Holdings Ltd.	1.4
	<b>64.3</b>
<b>Total Net Asset Value ('000's)</b>	<b>\$ 779,423</b>

## Sector Allocation

	Percentage of Net Asset Value of the Fund %
Consumer Staples	21.2
Health Care	16.8
Information Technology	16.4
Industrials	11.4
Financials	9.6
Consumer Discretionary	9.6
Materials	8.9
Communication Services	3.1
Cash and Cash Equivalents**	1.9
Energy	0.9
Utilities	0.2
	<b>100.0</b>

## Geographic Allocation

	Percentage of Net Asset Value of the Fund %
Europe (excluding United Kingdom)	55.3
Britain	9.1
Japan	9.0
Other	7.7
Taiwan	4.9
Hong Kong	4.4
India	4.0
Cayman Islands	2.7
Israel	1.5
Singapore	1.4
	<b>100.0</b>

<sup>(\*)</sup> All information is as at December 31, 2019. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Unless otherwise noted positions are long. You may obtain quarterly updates to these holdings free of charge by calling us at 1-877-344-1434, visiting our website at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) or by sending an email to us at [info@sunlifeglobalinvestments.com](mailto:info@sunlifeglobalinvestments.com).

<sup>(\*\*)</sup> Cash and Cash Equivalents, for the purpose of this chart, includes other assets less liabilities.

# Sun Life MFS International Growth Fund

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## Forward-Looking Statements

*This management report of fund performance may contain forward-looking statements about the Fund, including its strategy, results of operations, performance and condition. Forward-looking statements include statements that are predictive in nature, or that depend upon or refer to future events or conditions. They are based on current beliefs, expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and various economic factors. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, technological changes, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective", and similar expressions are intended to identify forward-looking statements. The Manager does not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this document or to reflect new information or the occurrence of unanticipated events, except as required by law.*

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

### Sun Life MFS International Growth Fund

You can find more information about each Fund in our Annual Information Form, and each Fund's management report of fund performance and financial statements, once available. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-344-1434** or ask your advisor. These documents and other information about the Funds, such as information circulars and material contracts, are also available at [www.sunlifeglobalinvestments.com](http://www.sunlifeglobalinvestments.com) or [www.sedar.com](http://www.sedar.com).

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