# University of Winnipeg Foundation Inc.

MFS Canadian Equity Core Fund
MFS U.S. Equity Core Fund
MFS International Equity Fund
MFS Canadian Fixed Income Fund
MFS Canadian Money Market Fund

First quarter 2016 investment report

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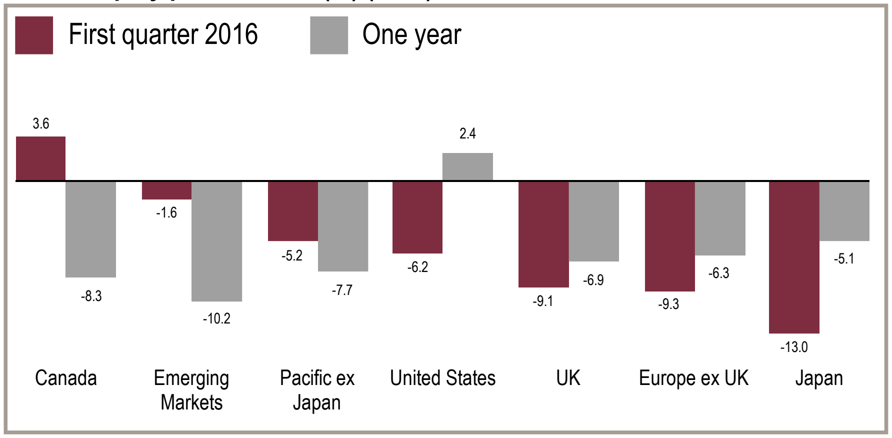
Sectors in this report are based on MFS sector classification.
Country and region information contained in this report is based upon MFS classification methodology which may differ from the methodology used by individual benchmark providers.
Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

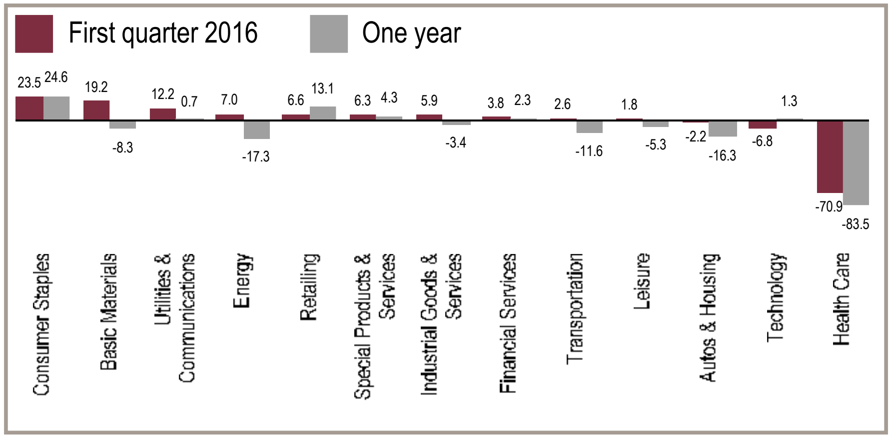
# Market overview

### Global Equity performance (%) (CAD) as of 31-Mar-16




Source: FactSet. Region performance based on MSCI regional/country indexes.

### Canadian Equity performance (%) (CAD) as of 31-Mar-16




Source: FactSet. Sector performance based on MFS sector classification. The analysis of TSX Composite Index constituents are broken out by MFS defined sectors.

### First quarter 2016 Global Equity market review

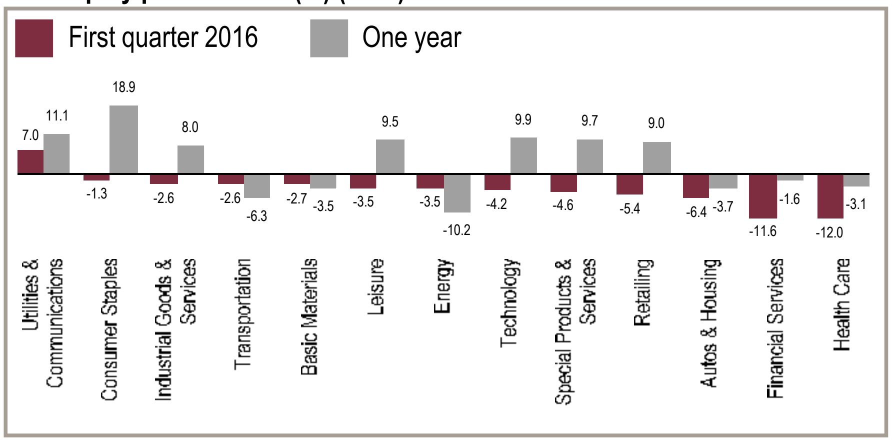
- Following the global market correction and rapid recovery in the first quarter, issues around weak growth, continued divergence of central bank policies and a tenuous rebound in commodity prices are expected to continue to weigh on markets in 2016. A recession in the US does not appear imminent despite some macro concerns and declining corporate profitability. Overall valuations in equity markets were looking attractive during the initial sell-off but are now relatively fair after the rebound.
- While modest growth and a robust labor market in the US provide some support for raising rates, the Federal Reserve continues to tread carefully in view of uncertain global financial conditions, as well as the negative impact of the rising US dollar on Emerging Markets and commodities. Policymakers outside the US continue to implement accommodative policies, including increased adoption of negative interest rates, to stimulate sluggish economic growth.
- We believe making generalizations on the Emerging Markets is increasingly difficult due to their varying stages of development, financial conditions and unique political challenges. Structural changes may lead to a long-term improvement of returns as major emerging economies including China continue to transition toward consumer-driven growth but the path is expected to be unpredictable and long.

### First quarter 2016 Canadian Equity market review

- S&P/TSX Index posted a 4.6% gain for quarter, in what was one of the most volatile periods for Canadian equities since the Global Financial Crisis. At the same time, Canada recorded the strongest quarterly equity market performance amongst the major global indices, measured in Canadian dollars – quite a reversal from the recent past.
- The strong showing for the quarter came courtesy of a relief rally in the energy space, as the crude price staged a strong rebound after hitting a 13-year low of US$26/barrel in February, further helped by strength in the gold sector and the Canadian dollar which settled at $0.77USD, after briefly breaching the 70c mark in January.
- Against this macro backdrop the sector leadership in Canada has sharply reversed from its recent trend, resulting in a polarised picture, with 7 out of 13 sectors outperforming the overall market for the period, led by more cyclical energy and materials groups on one hand, and decisively more defensive areas such as consumer staples, utilities and telecom on the other.
- Completing the story is an assessment of the overall leadership in the market, where small-cap stocks have recorded strong numbers, handily outperforming its medium and especially large-cap counterparts for the quarter.

# Market overview

### U.S. Equity performance (%) (CAD) as of 31-Mar-16

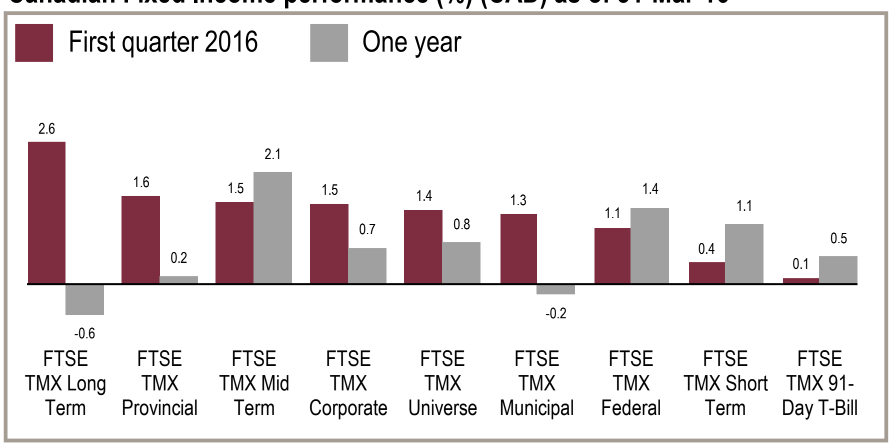



Source: FactSet. Sector performance based on MFS sector classification. The analysis of S&P 500 Index constituents are broken out by MFS defined sectors.

### First quarter 2016 U.S. Equity market review

- The U.S. market, measured by the S&P 500 Index, ended the quarter up slightly after rebounding in the back half of the period from the correction that occurred during the first half of the quarter. However, the slowdown in China, the pace of rate hikes from the Federal Reserve and the volatility in the price of oil continued to weigh on investors' minds.
- The U.S. economy maintained slow but steady growth through 2015 with GDP coming in at 2.4% for the year. In general, the labour market continued to improve and inflation remained stable at low levels. Global growth remained unsynchronised as the U.S. is still the growth leader among the major economies. While the Federal Reserve will most likely continue to increase rates in 2016, other central banks (i.e. ECB, BOJ and People's Bank of China) have maintained their "super easy" monetary conditions.
- Value investing outperformed growth investing during Q1, which was a reversal from 2015. For example, utilities, which are more represented in value benchmarks, strongly outperformed technology, which has a larger weighting within growth benchmarks.

### Canadian Fixed Income performance (%) (CAD) as of 31-Mar-16




Source for benchmark performance: SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

### First quarter 2016 Canadian Fixed Income market review

- The Canadian bond market delivered strong returns during a bifurcated quarter in which investors initially fled to safe havens on concerns over the health of the global economy and falling commodity prices but later embraced risky assets owing to renewed signs of policy reflation from global central banks. We continue to view the macro backdrop as inconsistent with a global or US recession.
- Canadian corporate spreads followed investor sentiment, with largely unchanged spreads over the period masking a high degree of volatility. We continue to see good value in overweighting credit assuming the current backdrop of slow global growth, low inflation, and easy policy remain intact, but we remain selective as the credit cycle continues to mature.
- The Bank of Canada maintained its policy rate at 0.50%, putting modest upward pressure on short-term Government of Canada yields even as medium- and longer-term yields rallied. Despite the resilience in Canadian economic activity and modest support from expansionary fiscal policy, we believe the Bank of Canada is unlikely to follow the Fed anytime soon given ongoing domestic growth headwinds and poor outlook for commodity prices.



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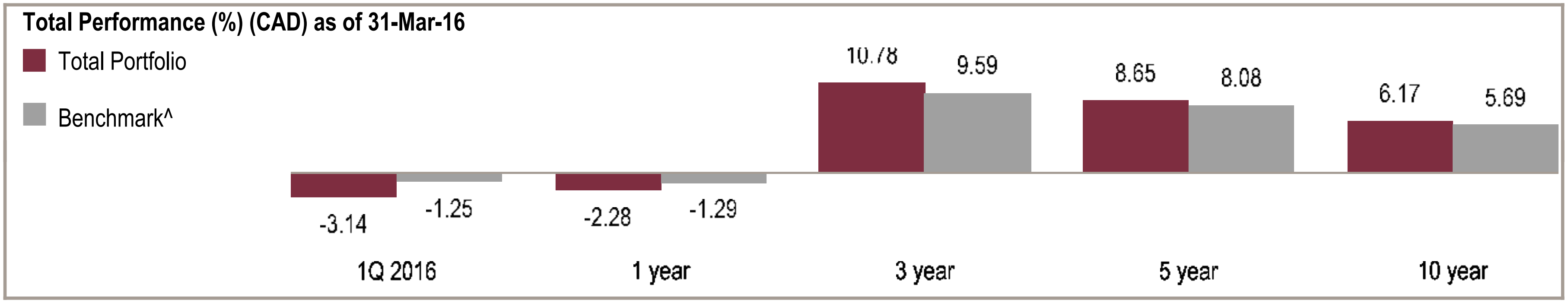
# Performance




Source: Benchmark performance from SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ 5% FTSE TMX Canada 91 Day T-Bill, 25% FTSE TMX Canada Universe Bond, 14% MSCI EAFE, 29% BMO/TSX CAP 10%, 27% S&P 500

# Performance

| Performance results (%) as of 31-Mar-16 | 1Q 2016 | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|
| **Total Portfolio** | **-3.14** | **-2.28** | **10.78** | **8.65** | **6.17** |
| **Benchmark^** | **-1.25** | **-1.29** | **9.59** | **8.08** | **5.69** |
| MFS Canadian Equity Core Fund | 1.04 | -7.27 | 8.56 | 3.13 | 4.96 |
| S&P/TSX Capped Composite Index linked to previous benchmark | 4.54 | -6.57 | 5.03 | 2.10 | 4.05 |
| MFS U.S. Equity Core Fund | -7.56 | 0.94 | 19.51 | – | – |
| Standard & Poor's 500 Stock Index (net div) | -5.79 | 3.28 | 20.43 | – | – |
| MFS International Equity Fund | -8.79 | -5.40 | 11.37 | 9.40 | 4.15 |
| MSCI EAFE (Europe, Australasia, Far East) Index (net div) | -9.68 | -6.32 | 10.80 | 8.29 | 2.85 |
| MFS Canadian Fixed Income Fund | 1.39 | 0.54 | 3.99 | 5.29 | 5.36 |
| FTSE TMX Canada Universe Bond Index | 1.39 | 0.78 | 3.87 | 5.15 | 5.22 |
| MFS Canadian Money Market Fund | 0.15 | 0.66 | 0.91 | 1.01 | 1.82 |
| FTSE TMX Canada 91 Day T-Bill | 0.13 | 0.52 | 0.82 | 0.88 | 1.66 |

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.

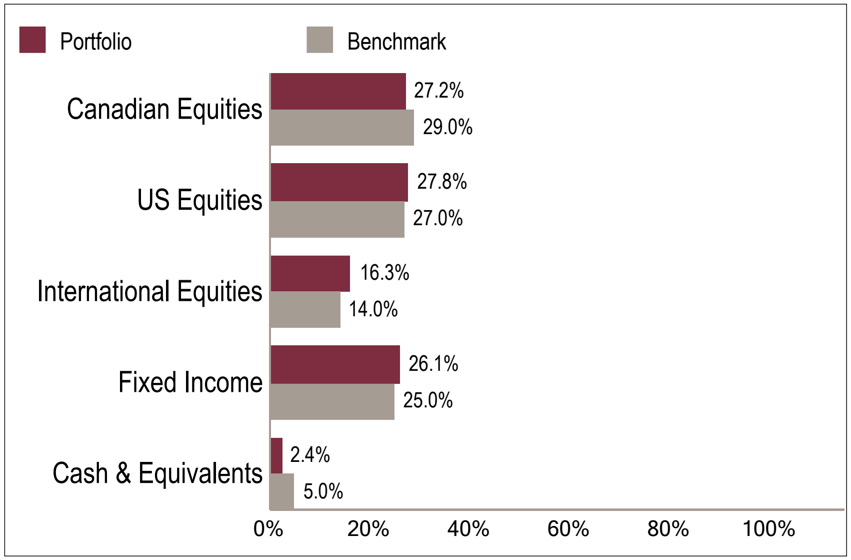
**Past performance is no guarantee of future results.**

Segregated fund performance is calculated on a gross of management fee basis. Pooled fund performance is calculated on a gross of management fee basis, net of the administrative fee expense calculation. Total portfolio performance is calculated on a gross of management fee basis and is impacted by timing of client flows along with asset mix changes and rebalancing.

^ 5% FTSE TMX Canada 91 Day T-Bill, 25% FTSE TMX Canada Universe Bond, 14% MSCI EAFE, 29% BMO/TSX CAP 10%, 27% S&P 500

# Asset summary

## Asset allocation as of 31-Mar-16




**MFS' asset mix view**

Our base case assessment of the capital market environment has not changed. We continue to expect moderate global growth with low inflation and ongoing headwinds from excess debt, and are encouraged by nascent signs of a recovery in global manufacturing. Accordingly, monetary policy is expected to remain highly stimulative, with a lower path of expected Federal Reserve tightening and non-conventional easing in Japan and Europe evidence of this accommodative global policy stance. However, the limits of monetary policy are close to being reached as the latest move into negative rate territory by the European Central Bank and Bank of Japan triggered unexpected currency appreciation and pressure on financial stocks. In Canada, the decision by policymakers to favor fiscal pump-priming over interest rate cuts is another sign that the grand post-crisis monetary experiment is nearing an end. Encouragingly, reflationary efforts have been successful in reversing the uptrend in the U.S. dollar and credit markets while stabilizing the downtrend in commodity prices.

Multi-asset portfolios continue to favour equities versus fixed income, but we reduced equity exposure and cash in favour of bonds given limited scope for equity valuation expansion amid a tepid earnings backdrop and scant yield in money markets. This is not a ringing endorsement of bonds, but an acknowledgement that the 18-month rise in credit spreads has opened up very good value versus cash and offers some competition to equities. The lower for longer yield environment should protect bonds from large losses. Within equities, we continue to favour non-Canadian equities to domestic shares on valuation and earnings concerns but reduced the relative overweight given trends in the commodity and currency markets as well as a stabilization in Chinese growth.

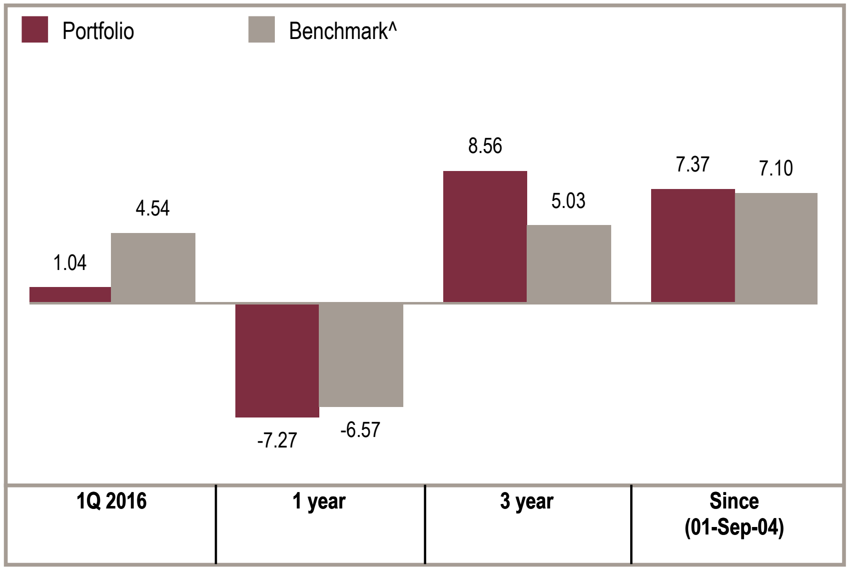
| Activity (CAD) | Beginning value as of 31-Dec-15 | Contributions | Withdrawals | Intra-portfolio transfers | Change in market value | Ending value as of 31-Mar-16 |
|---|---|---|---|---|---|---|
| **Total Portfolio** | **58,608,112** | **+567,750** | **-755,720** | **0** | **-1,830,463** | **56,589,679** |
| Cash | 4,949 | 0 | 0 | 0 | 0 | 4,949 |

Cash shown above may include residual amounts from client directed transactions. These amounts may be reinvested or withdrawn upon client instruction.

# MFS Canadian Equity Core Fund

# Executive summary

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**




Source for benchmark performance: SPAR, FactSet Research Systems Inc.
All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ S&P/TSX Capped Composite Index linked to previous benchmark

| Asset summary (CAD) | |
|---|---|
| Beginning value as of 31-Dec-15 | 15,246,205 |
| Contributions | +148,192 |
| Withdrawals | -197,530 |
| Intra-portfolio transfers | +73,343 |
| Change in market value | +162,138 |
| Ending value as of 31-Mar-16 | 15,432,348 |

| Sector weights (%) as of 31-Mar-16 | Portfolio | Benchmark^^ |
|---|---|---|
| **Top overweights** | | |
| Industrial Goods & Services | 4.6 | 2.1 |
| Retailing | 7.3 | 5.7 |
| Transportation | 7.2 | 5.6 |
| **Top underweights** | | |
| Utilities & Communications | 11.3 | 14.7 |
| Financial Services | 35.2 | 38.0 |
| Autos & Housing | 0.7 | 1.5 |

^^ S&P/TSX Capped Composite Index

The MFS Canadian Equity Core Fund underperformed the S&P/TSX Capped Composite Index in the first quarter of 2016.

**Contributors**

- Individual stocks:
  - Progressive Waste Solutions Ltd
  - Goldcorp Inc
  - Agnico Eagle Mines
  - Torc Oil And Gas Ltd
  - Premium Brands Holdings Corporation
  - Canadian Natural Resources Ltd

**Detractors**

- Basic Materials – Stock selection
- Health Care – Overweight position
- Utilities & Communications – Stock selection and an underweight position
- Financial Services – Stock selection
- Individual stocks:
  - Performance Sports Group Ltd

# Performance results

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**

| Period | Portfolio (%) | Benchmark^ (%) | Excess return vs benchmark (%) |
|---|---|---|---|
| 1Q 2016 | 1.04 | 4.54 | -3.50 |
| 4Q 2015 | -1.68 | -1.40 | -0.28 |
| 3Q 2015 | -5.01 | -7.86 | 2.85 |
| 2Q 2015 | -1.73 | -1.63 | -0.10 |
| 2015 | -3.88 | -8.32 | 4.44 |
| 2014 | 14.24 | 10.55 | 3.69 |
| 2013 | 19.51 | 12.99 | 6.52 |
| 2012 | 10.60 | 7.19 | 3.41 |
| 2011 | -14.56 | -8.71 | -5.85 |
| 1 year | -7.27 | -6.57 | -0.70 |
| 3 year | 8.56 | 5.03 | 3.53 |
| 5 year | 3.13 | 2.10 | 1.03 |
| 10 year | 4.96 | 4.05 | 0.91 |
| Since client inception (01-Sep-04) | 7.37 | 7.10 | 0.27 |

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ S&P/TSX Capped Composite Index linked to previous benchmark

# Performance drivers - sectors

**Relative to S&P/TSX Capped Composite Index (CAD) - first quarter 2016**

| | | Average relative weighting (%) | Portfolio returns (%) | Benchmark returns (%) | Sector allocation (%) + | Stock selection (%) = | Relative contribution (%) |
|---|---|---|---|---|---|---|---|
| **Contributors** | Industrial Goods & Services | 2.7 | 10.7 | 5.9 | 0.0 | 0.3 | 0.3 |
| | Energy | -0.4 | 7.5 | 7.0 | -0.1 | 0.1 | 0.0 |
| **Detractors** | Basic Materials | -0.1 | 6.8 | 19.2 | -0.1 | -1.2 | -1.3 |
| | Health Care | 0.9 | -71.8 | -70.9 | -1.0 | 0.0 | -1.0 |
| | Utilities & Communications | -3.7 | 9.7 | 12.2 | -0.3 | -0.3 | -0.6 |
| | Financial Services | -3.5 | 2.1 | 3.8 | 0.0 | -0.6 | -0.6 |
| | Leisure | 0.8 | -3.5 | 1.8 | -0.0 | -0.2 | -0.3 |
| | Special Products & Services | -0.2 | 4.1 | 6.3 | -0.0 | -0.0 | -0.1 |
| | Autos & Housing | -0.5 | 0.1 | -2.2 | -0.1 | 0.0 | -0.0 |
| | Technology | 0.2 | -7.5 | -6.8 | -0.0 | -0.0 | -0.0 |
| | Retailing | 1.6 | 5.8 | 6.6 | 0.0 | -0.1 | -0.0 |
| | Cash | 1.2 | – | – | -0.0 | – | -0.0 |
| | Consumer Staples | -0.4 | 44.5 | 23.5 | -0.1 | 0.1 | -0.0 |
| | Transportation | 1.5 | 2.9 | 2.6 | -0.0 | 0.0 | -0.0 |
| **Total** | | | **1.0** | **4.5** | **-1.7** | **-1.9** | **-3.6** |

Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Performance drivers - stocks

**Relative to S&P/TSX Capped Composite Index (CAD) - first quarter 2016**

| | | Average Weighting | | Returns | | Relative |
|---|---|---|---|---|---|---|
| | | Portfolio (%) | Benchmark (%) | Portfolio (%)[1] | Benchmark (%) | contribution (%) |
| **Contributors** | Progressive Waste Solutions Ltd | 1.9 | 0.3 | 24.4 | 24.4 | 0.3 |
| | Goldcorp Inc | 1.8 | 1.0 | 32.4 | 32.4 | 0.1 |
| | Agnico Eagle Mines | 1.6 | 0.6 | 29.5 | 29.5 | 0.1 |
| | Torc Oil And Gas Ltd | 0.4 | 0.0 | 52.1 | 52.1 | 0.1 |
| | Premium Brands Holdings Corporation | 0.4 | 0.0 | 44.5 | 6.2 | 0.1 |
| **Detractors** | Valeant Pharmaceuticals Intl Inc | 2.7 | 2.1 | -75.8 | -75.8 | -0.7 |
| | Barrick Gold Corp | 0.1 | 1.1 | -2.8 | 72.5 | -0.5 |
| | Element Financial Corp | 2.0 | 0.3 | -16.0 | -16.0 | -0.4 |
| | Concordia Healthcare Corp | 0.5 | 0.1 | -41.3 | -41.1 | -0.3 |
| | Performance Sports Group Ltd | 0.2 | 0.0 | -70.8 | -68.9 | -0.2 |

[1] Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Significant impacts on performance − detractors

| Relative to S&P/TSX Capped Composite Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Basic Materials** | | Stock selection within this sector detracted from relative performance. | **-1.3** |
| | Barrick Gold Corp | Timing in the ownership of mining company Barrick Gold Corp (Canada) hampered relative returns. Despite the perceived downgrade risk on the company's credit, the shares benefited from a solid earnings report. The company beat consensus EPS estimates and reported lower-than-expected all-in sustaining costs (AISC) on the back of higher gold prices during the fourth quarter, allowing the company to generate strong free cash flow yield. Additionally, management announced it plans to reduce its debt by an additional USD 2 billion (GBP 1.4 billion) in 2016 as part of its long term debt reduction plan. | -0.5 |
| **Health Care** | | An overweight position in Health Care detracted from relative performance as the sector underperformed the broad market over the quarter. | **-1.0** |
| | Valeant Pharmaceuticals Intl Inc | Overweighting Canadian pharmaceutical company Valeant Pharmaceuticals (Canada) detracted from relative returns. The fallout from political pressure on the company's drug price strategy and accusations of financial fraud though the company's unusual and undisclosed arrangement with online pharmacy Philidor continued to unfold. The company has delayed filing its 2015 10-K, announced it is under a US Securities and Exchange Commission (SEC) investigation and faces other legal battles that appeared to have weighed on business and share performance. | -0.7 |
| | Concordia Healthcare Corp | An overweight position in shares of Concordia Healthcare Corp (Canada), a major drug company, detracted from portfolio performance. The company performed poorly due to Q4 2015 earnings which fell short of expectations, as well as the global speciality pharma sector selling off due to high global valuations, lack of R&D spending, high debt, few major product launches and government drug pricing scrutiny. | -0.3 |
| **Utilities & Communications** | | An underweight position in Utilities & Communications detracted from relative performance as the sector outperformed the wider market over the quarter. | **-0.6** |
| | BCE Inc | Not holding Canadian telecom company BCE detracted from relative performance. The shares traded higher during the period as the company reported quarterly earnings results that were in line with consensus estimates and provided 2016 guidance of low single digit growth for revenues and operating earnings, both in line with consensus estimates and an EPS range of USD 3.45 (GBP 2.41) to USD 3.55 (GBP 2.48) versus consensus of USD 3.49 (GBP 2.44). | -0.2 |
| **Financial Services** | | Stock selection within this sector detracted from relative performance. | **-0.6** |
| | Element Financial Corp | A portfolio overweight in shares of independent equipment and capital assets financial services company Element Financial (Canada) weighed on relative performance. The company released lower-than-expected Q4 2015 pre-tax operating earnings, causing the share price to decline when the full earnings breakdown was published. Q4 credit losses were higher quarter over quarter, driven by finalised purchase price allocations from the GE Fleet acquisition. | -0.4 |
| | Manulife Financial Corp | An overweight position in shares of financial protection and wealth management provider Manulife Financial (Canada) held back relative results. Lower-than-anticipated earnings were driven by weak policyholder experience and the absence of core investment gains. Management also indicated that the 2016 earnings goal would be difficult to achieve in a low oil price environment, which further weighed on the company's share price. | -0.2 |

# Significant impacts on performance − detractors

| Relative to S&P/TSX Capped Composite Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Individual stocks** | Performance Sports Group Ltd | An overweight position in shares of sports equipment manufacturer Performance Sports Group (United States) detracted from relative performance after the company reduced its outlook in early March based on deteriorating earnings growth visibility. The slowdown in baseball/softball equipment sales and operational issues resulted in write-downs and higher bad debt reserves, which had a negative impact on earnings expectations. | -0.2 |

# Significant impacts on performance − contributors

| Relative to S&P/TSX Capped Composite Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Individual stocks** | Progressive Waste Solutions Ltd | The portfolio's position in non-hazardous waste disposal services company Progressive Waste Solutions (Canada) aided relative returns after shares spiked early in the reporting period following the announcement of a merger with Texas-based waste collection and recycling firm Waste Connections. The synergy is expected to offer upside potential owing primarily to economies of scale and consolidation of Selling, General & Administrative Expenses (SG&A). | 0.3 |
| | Goldcorp Inc | An overweight position in shares of exploration and development of precious metals firm Goldcorp (Canada) buoyed portfolio returns as the shares outpaced the benchmark. The share price appeared to track the movement of gold prices, which rose from USD 1,076.50 (GBP 752.42) on 4 January, to close out the quarter at USD 1,235.60 (GBP 863.60). | 0.1 |
| | Agnico Eagle Mines | Our overweight position in shares of precious metals exploration company Agnico Eagle Mines (Canada) helped relative results. Positive earnings and the company's ability to exceed production guidance for the fourth consecutive year supported shares. | 0.1 |
| | Torc Oil And Gas Ltd | The portfolio's overweight position in shares of oil exploration company Torc Oil And Gas (Canada) aided relative returns. Shares rose in response to the company's prudent announcement of a 56 per cent reduction to common share dividends in light of low commodity prices. Management also announced that capex programmes would be delayed until the second half of 2016 and that this change would not impact production guidance. | 0.1 |
| | Premium Brands Holdings Corporation | The portfolio's position in speciality food products manufacturer Premium Brands (Canada) bolstered relative performance on the back of very strong quarterly results led by a contribution from organic growth, acquisitions and improved operating efficiencies across the business. The sandwich business did particularly well during the period and was the key driver of the upside. | 0.1 |
| | Canadian Natural Resources Ltd | An overweight position in shares of oil company Canadian Natural Resources (Canada) aided relative performance. Shares of the company traded higher after reporting fourth-quarter losses that were lower than consensus estimates due to lower-than-expected operating costs. This resulted in better-than-expected cash flow. The company also maintained its dividend and provided guidance that indicated management's plans to reduce planned capital expenses for 2016. | 0.1 |

# Significant transactions

**From 01-Jan-16 to 31-Mar-16**

| | Security | Sector | Transaction type | Trade (%) | Ending weight (%) |
|---|---|---|---|---|---|
| **Purchases** | ROGERS COMMUNICATION | Utilities & Communications | Add | 1.2 | 2.0 |
| | BOARDWALK REAL ESTATE INV | Financial Services | New position | 1.2 | 1.2 |
| | TRANSCANADA CORP | Utilities & Communications | Add | 0.8 | 4.0 |
| | FRANO-NEVADA CORP | Basic Materials | New position | 0.8 | 0.7 |
| | THOMSON REUTERS CORP | Leisure | Add | 0.7 | 2.1 |
| **Sales** | MAGNA INTERNATIONAL INC | Autos & Housing | Trim | -0.9 | 0.7 |
| | ONEX CORPORATION | Financial Services | Eliminate position | -0.8 | – |
| | CAE INC | Industrial Goods & Services | Trim | -0.7 | 0.6 |
| | VALEANT PHARMACEUTICALS INTL INC | Health Care | Trim | -0.7 | 0.2 |
| | TELUS CORP | Utilities & Communications | Trim | -0.6 | 1.2 |

# Sector weights

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) | Underweight/overweight (%) | Top holdings |
|---|---|---|---|---|
| Industrial Goods & Services | 4.6 | 2.1 | 2.5 | Progressive Waste Solutions Ltd, Stantec Inc |
| Retailing | 7.3 | 5.7 | 1.6 | Loblaw Cos Ltd, Alimentation Couche-Tard Inc Class B, Canadian Tire Corp Ltd |
| Transportation | 7.2 | 5.6 | 1.6 | Canadian National Railway Co, Canadian Pacific Railway Ltd |
| Leisure | 3.9 | 3.0 | 0.9 | Thomson Reuters Corp |
| Technology | 2.3 | 2.0 | 0.3 | Constellation Software Inc/Canada |
| Basic Materials | 11.6 | 11.5 | 0.1 | Goldcorp Inc, CCL Industries Inc, Agnico Eagle Mines Ltd |
| Energy | 12.3 | 12.3 | 0.0 | Suncor Energy Inc, Canadian Natural Resources Ltd, Cenovus Energy Inc |
| Special Products & Services | 1.5 | 1.9 | -0.4 | CGI Group Inc |
| Health Care | 0.2 | 0.8 | -0.6 | Valeant Pharmaceuticals International Inc |
| Consumer Staples | 0.3 | 1.0 | -0.7 | Premium Brands Holdings Corp |
| Autos & Housing | 0.7 | 1.5 | -0.8 | Magna International Inc |
| Financial Services | 35.2 | 38.0 | -2.8 | Toronto-Dominion Bank, Royal Bank of Canada, Bank of Nova Scotia |
| Utilities & Communications | 11.3 | 14.7 | -3.4 | TransCanada Corp, Rogers Communications Inc, Enbridge Inc |

^ S&P/TSX Capped Composite Index
1.5% Cash & cash equivalents



IRPMS-BCI-31-Mar-16

# Characteristics

| As of 31-Mar-16 | Portfolio | Benchmark^ |
|---|---|---|
| **Fundamentals - weighted average** | | |
| IBES long-term EPS growth [1] | 10.2% | 8.9% |
| Price/earnings (12 months forward ex-negative earnings) | 15.3x | 15.1x |
| Price/cash flow | 11.5x | 11.3x |
| Return on equity (3-year average) | 11.8% | 10.6% |
| Return on invested capital | 7.9% | 7.1% |
| Long term debt/capital | 35.2% | 35.4% |
| **Market capitalisation** | | |
| Market capitalisation (CAD) [2] | 9.6 bn | 2.7 bn |
| **Diversification** | | |
| Number of holdings | 71 | 235 |
| **Turnover** | | |
| Trailing 1 year turnover [3] | 32% | – |
| **Risk/reward (3 year)** | | |
| Standard deviation | 8.66% | 8.90% |
| Sharpe ratio | 0.89 | 0.47 |
| Beta vs benchmark | 0.91 | – |
| Historical tracking error | 3.13% | – |
| Information ratio | 1.13 | – |

^ S&P/TSX Capped Composite Index
[1] Source: Thomson Reuters
[2] Median.
[3] (Lesser of Purchase or Sales)/Average Month End Market Value
**Past performance is no guarantee of future results. No forecasts can be guaranteed.**

**Top 10 issuers**

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) |
|---|---|---|
| TORONTO DOMINION HOLDINGS INC | 8.3 | 6.1 |
| ROYAL BANK OF CANADA | 7.4 | 6.5 |
| CANADIAN NATIONAL RAILWAY CO | 5.6 | 3.7 |
| BANK OF NOVA SCOTIA | 5.0 | 4.5 |
| SUNCOR ENERGY INC | 4.7 | 3.4 |
| TRANSCANADA CORP | 4.0 | 2.1 |
| CANADIAN NATURAL RESOURCES LTD | 3.7 | 2.3 |
| MANULIFE FINANCIAL CORP | 3.2 | 2.1 |
| LOBLAW COMPANIES | 2.4 | 0.9 |
| GOLDCORP INC | 2.2 | 1.0 |
| **Total** | **46.5** | **32.7** |

# Portfolio outlook and positioning

The Canadian Equity Core strategy is focused on investing in shares of high quality businesses that either offer above-average growth opportunities or trade at attractive relative valuation levels versus their peers and the market. Portfolio sector positioning is a product of our stock selection-driven portfolio construction approach.

We continue to favour the transportation and industrials areas, which encompass the railroads, airlines, machinery, and pollution control industries. A combination of best-in-class operators, high barriers to entry due to pricing power and market position, coupled with attractive valuations are amongst the main reasons underlying our preference. On the other hand, the exposure to autos & housing names was pared back as a reflection of relatively strong performance of our holdings, and the resulting increase in valuation. We continue to see the underlying business fundamentals as attractive, however the valuation part is keeping us from more fully embracing our best ideas in the sector.

Conversely, we continue to see a limited number of opportunities in utilities, telecommunications and financial services companies as growth opportunities are currently not as attractive. The theme of fully valued securities, in our opinion, is the dominant presence through most of the companies in utilities and telecommunications areas, on one hand, with real estate and banks offering somewhat tempered growth prospects going forward, especially compared to their more recent history. This dynamic, coupled with the ongoing quest for yield in the world of extremely low, and in some cases negative real interest rates, has pushed the valuation levels up and made some of the ideas that otherwise meet our quality and management effectiveness criteria less attractive.

During the quarter we have repositioned certain holdings in order to better reflect the relative opportunity set. Key trades for the quarter included:

- Continued to build our position in Rogers Communications, on the back of early signs of stabilization in the wireless part of the business, coupled with a decline in capital spending intensity. This, in our opinion, should lead to an improvement in earnings and free cash flow over the next few years.

- Added to the holdings of the pipeline operator TransCanada, as collapsing energy prices have pushed the valuation down to very attractive levels on the core operation's solid free cash-flow growth profile, with the company's new projects effectively ascribed negligible value. We believe the market overreacted to a degree, and like the prospects of this defensive play with an attractive dividend yield that seems to be well protected.

- Initiated a position in Franco Nevada, a gold and precious metals royalty company, with the business model that provides exposure to the metals prices, while avoiding capex and operational inflation risks typically associated with miners. The company’s balance sheet position is quite robust due to relatively low levels of debt, and should act as a cushion in a lower gold price environment.

# Portfolio outlook and positioning

- Reduced the position in Valeant Pharmaceuticals, as the embattled drug maker made its latest round of financial results publicly available. The biggest shift in our thesis lies in the price concessions that Valeant's distributors were able to extract, in order for the firm to preserve the overall volume levels. While the size of the price giveaway is manageable from a one-time perspective, it could turn into a structural issue if the company is forced to concede same level of discounting on an ongoing basis. On the other hand, we still find Valeant undervalued relative to sum of its parts, with the positon size in the portfolio fully reflective of the risks involved.
- Pared back the holdings of auto-parts manufacturer Magna International, as the shares trade at more demanding valuations relative to growth prospects, as North American vehicle production is scaling prior peak levels, pegging the current point closer to a cycle peak than a trough in our opinion.
- Initiated a position in Boardwalk Properties REIT, involved in the acquisition, refurbishment, management, and ownership of multi-family residential communities in Canada, with a good long-term track record and future growth prospects. The stock has become attractively valued given investors' concerns with the Alberta economy, where Boardwalk has a significant proportion of its operations.

Canadian equities are relatively fully valued in global context with the S&P/TSX trading in line with the S&P 500. Any stabilization and recovery in commodity prices now seems farther out given recent geo-political developments. This only reinforces the view that overriding supply/demand dynamics aren't supportive of a return to the commodity super-cycle conditions that prevailed over the past 15 years.

While monetary policy remains very supportive, the precarious consumer and a heavy provincial debt load combined with an export profile which is less leveraged to the US than in previous economic expansions, all weighing on the domestic earnings and valuation outlook. That said, certain companies and sectors within the Canadian market are well positioned for the current macro backdrop; particularly those exposed to lower commodity prices, a strong US economy and a lower for longer interest rate environment.

Through our exposure to high quality companies that are able to withstand potential adverse conditions, we believe the portfolio remains well positioned to perform favourably relative to the market over the long term, regardless of particular stages of the economic cycle.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
|---|---|---|
| Autos & Housing (0.7%) | Magna International Inc | 0.7 |
| Basic Materials (11.6%) | Goldcorp Inc | 2.2 |
| | CCL Industries Inc | 2.1 |
| | Agnico Eagle Mines Ltd | 1.7 |
| | Agrium Inc | 1.7 |
| | Methanex Corp | 1.0 |
| | Franco-Nevada Corp | 0.7 |
| | Barrick Gold Corp | 0.5 |
| | Cameco Corp | 0.5 |
| | Lundin Mining Corp | 0.3 |
| | Intertape Polymer Group Inc | 0.3 |
| | Uranium Participation Corp | 0.3 |
| | Detour Gold Corp | 0.2 |
| | Stella-Jones Inc | 0.2 |
| Cash & Cash Equivalents (1.5%) | Cash & Cash Equivalents | 1.5 |
| Consumer Staples (0.3%) | Premium Brands Holdings Corp | 0.3 |
| Energy (12.3%) | Suncor Energy Inc | 4.7 |
| | Canadian Natural Resources Ltd | 3.7 |
| | Cenovus Energy Inc | 1.6 |
| | Husky Energy Inc | 0.5 |
| | TORC Oil & Gas Ltd | 0.5 |
| | Seven Generations Energy Ltd | 0.3 |
| | Tourmaline Oil Corp | 0.3 |
| | PrairieSky Royalty Ltd | 0.3 |
| | Trinidad Drilling Ltd | 0.2 |
| | MEG Energy Corp | 0.1 |
| Financial Services (35.2%) | Toronto-Dominion Bank | 8.3 |
| | Royal Bank of Canada | 7.4 |
| | Bank of Nova Scotia | 5.0 |
| | Manulife Financial Corp | 3.2 |
| | Element Financial Corp | 2.0 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
|---|---|---|
| **Financial Services (continued) (35.2%)** | Intact Financial Corp | 1.5 |
| | Bank of Montreal | 1.4 |
| | Boardwalk Real Estate Investment Trust REIT | 1.2 |
| | Fairfax Financial Holdings Ltd | 1.1 |
| | IGM Financial Inc | 1.0 |
| | Cominar Real Estate Investment Trust REIT | 0.9 |
| | CI Financial Corp | 0.9 |
| | Great-West Lifeco Inc | 0.8 |
| | Canadian Western Bank | 0.5 |
| **Health Care (0.2%)** | Valeant Pharmaceuticals International Inc | 0.2 |
| **Industrial Goods & Services (4.6%)** | Progressive Waste Solutions Ltd | 1.8 |
| | Stantec Inc | 1.1 |
| | SNC-Lavalin Group Inc | 1.0 |
| | CAE Inc | 0.6 |
| | ZCL Composites Inc | 0.1 |
| **Leisure (3.9%)** | Thomson Reuters Corp | 2.1 |
| | Transcontinental Inc | 0.9 |
| | Restaurant Brands International Inc | 0.7 |
| | DHX Media Ltd | 0.3 |
| **Retailing (7.3%)** | Loblaw Cos Ltd | 2.4 |
| | Alimentation Couche-Tard Inc Class B | 2.1 |
| | Canadian Tire Corp Ltd | 1.2 |
| | Gildan Activewear Inc | 0.9 |
| | Dollarama Inc | 0.7 |
| **Special Products & Services (1.5%)** | CGI Group Inc | 0.7 |
| | Boyd Group Income Fund IEU | 0.6 |
| | Superior Plus Corp | 0.3 |
| **Technology (2.3%)** | Constellation Software Inc/Canada | 0.7 |
| | Mitel Networks Corp | 0.7 |
| | Open Text Corp | 0.4 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
| --- | --- | --- |
| **Technology (continued) (2.3%)** | Enghouse Systems Ltd | 0.2 |
| | Kinaxis Inc | 0.2 |
| **Transportation (7.2%)** | Canadian National Railway Co | 5.6 |
| | Canadian Pacific Railway Ltd | 1.2 |
| | Air Canada | 0.3 |
| **Utilities & Communications (11.3%)** | TransCanada Corp | 4.0 |
| | Rogers Communications Inc | 2.0 |
| | Enbridge Inc | 2.0 |
| | Quebecor Inc | 1.8 |
| | TELUS Corp | 1.2 |
| | Canadian Utilities Ltd | 0.4 |

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**To the Unit Holders of the MFS Canadian Equity Core Fund**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Investment Management Canada Limited ("MFS") complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Canadian Equity Core Fund. Such certification is subject to the following conditions: (i) MFS' compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

**BY:** Christina Forster Pazienza

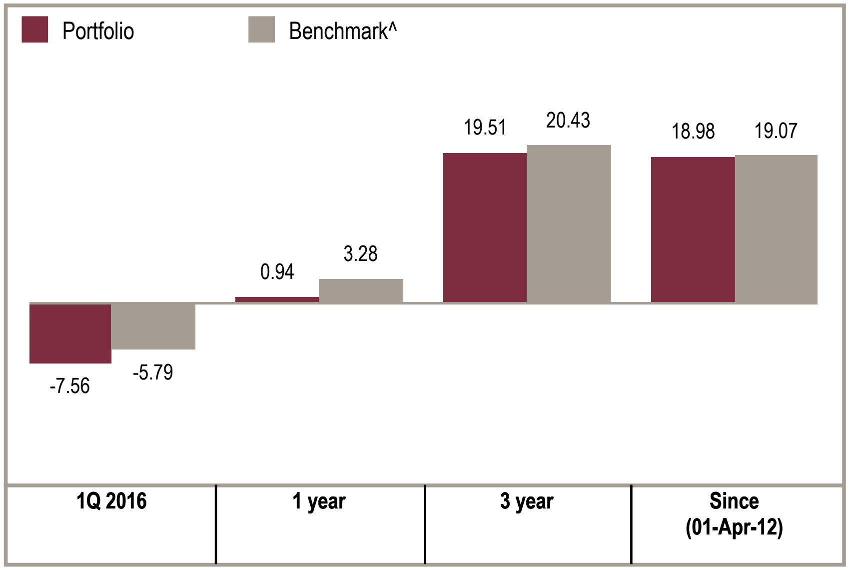
**Christina Forster Pazienza, CPA, CA**
Vice President & Chief Compliance Officer

**Dated: April 14, 2016**

# MFS U.S. Equity Core Fund

# Executive summary

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**




Source for benchmark performance: SPAR, FactSet Research Systems Inc.
All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ Standard & Poor's 500 Stock Index (net div)

| Asset summary (CAD) | |
|---|---|
| Beginning value as of 31-Dec-15 | 17,184,459 |
| Contributions | +164,070 |
| Withdrawals | -218,116 |
| Intra-portfolio transfers | -100,155 |
| Change in market value | -1,293,182 |
| Ending value as of 31-Mar-16 | 15,737,075 |

| Sector weights (%) as of 31-Mar-16 | Portfolio | Benchmark^^ |
|---|---|---|
| **Top overweights** | | |
| Financial Services | 21.0 | 16.2 |
| Special Products & Services | 6.6 | 2.5 |
| Consumer Staples | 10.6 | 8.1 |
| **Top underweights** | | |
| Technology | 10.6 | 17.5 |
| Utilities & Communications | 4.4 | 7.1 |
| Energy | 4.3 | 6.3 |

^^ Standard & Poor's 500 Stock Index

The MFS U.S. Equity Core Fund underperformed the Standard & Poor's 500 Stock Index in the first quarter of 2016.

**Contributors**

- Individual stocks:
  - Amazon.Com Inc (not held)
  - Citigroup Inc (not held)
  - Canadian National Railway
  - Nasdaq, Inc
  - Ww Grainger Inc

**Detractors**

- Health Care – Stock selection
- Financial Services – Stock selection and an overweight position
- Utilities & Communications – Underweight position

# Performance results

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**

| Period | Portfolio (%) | Benchmark^ (%) | Excess return vs benchmark (%) |
|---|---|---|---|
| 1Q 2016 | -7.56 | -5.79 | -1.77 |
| 4Q 2015 | 9.36 | 10.72 | -1.36 |
| 3Q 2015 | 0.80 | 0.31 | 0.49 |
| 2Q 2015 | -0.94 | -1.30 | 0.36 |
| 2015 | 21.02 | 20.83 | 0.19 |
| 2014 | 21.51 | 23.18 | -1.67 |
| 2013 | 41.63 | 40.37 | 1.26 |
| 1 year | 0.94 | 3.28 | -2.34 |
| 3 year | 19.51 | 20.43 | -0.92 |
| Since client inception (01-Apr-12) | 18.98 | 19.07 | -0.09 |

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.

**Past performance is no guarantee of future results.**

^ Standard & Poor's 500 Stock Index (net div)

# Performance drivers - sectors

**Relative to Standard & Poor's 500 Stock Index (CAD) - first quarter 2016**

| | | Average relative weighting (%) | Portfolio returns (%) | Benchmark returns (%) | Sector allocation (%) + | Stock selection (%) + | Currency effect (%) = | Relative contribution (%) |
|---|---|---|---|---|---|---|---|---|
| **Contributors** | Retailing | -0.0 | -1.5 | -5.4 | -0.0 | 0.3 | 0.1 | 0.3 |
| | Industrial Goods & Services | 1.1 | 0.3 | -2.6 | 0.0 | 0.2 | 0.0 | 0.2 |
| | Special Products & Services | 3.8 | -1.5 | -4.6 | 0.0 | 0.2 | 0.0 | 0.2 |
| | Autos & Housing | -0.6 | 2.4 | -6.4 | 0.0 | 0.1 | 0.0 | 0.1 |
| | Transportation | -0.5 | 4.6 | -2.6 | -0.0 | 0.1 | 0.0 | 0.1 |
| | Leisure | -0.2 | -2.1 | -3.5 | -0.0 | 0.1 | 0.0 | 0.1 |
| **Detractors** | Health Care | -0.2 | -18.2 | -12.0 | -0.0 | -1.0 | 0.0 | -1.0 |
| | Financial Services | 4.4 | -13.5 | -11.6 | -0.3 | -0.4 | 0.0 | -0.7 |
| | Utilities & Communications | -2.8 | 2.6 | 7.0 | -0.4 | -0.1 | 0.0 | -0.5 |
| | Consumer Staples | 2.1 | -5.4 | -1.3 | 0.1 | -0.5 | 0.1 | -0.3 |
| | Basic Materials | 0.6 | -11.4 | -2.7 | -0.0 | -0.3 | 0.0 | -0.3 |
| | Technology | -6.9 | -4.7 | -4.2 | -0.1 | -0.1 | 0.0 | -0.1 |
| | Energy | -1.8 | -4.0 | -3.5 | -0.1 | -0.0 | 0.0 | -0.0 |
| | Cash | 1.0 | -6.8 | – | -0.0 | – | 0.0 | -0.0 |
| **Total** | | | **-7.6** | **-5.6** | **-0.7** | **-1.5** | **0.3** | **-1.9** |

Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Performance drivers - stocks

**Relative to Standard & Poor's 500 Stock Index (CAD) - first quarter 2016**

| | | Average Weighting | | Returns | | Relative |
|---|---|---|---|---|---|---|
| | | Portfolio (%) | Benchmark (%) | Portfolio (%)[1] | Benchmark (%) | contribution (%) |
| **Contributors** | Amazon.Com Inc | – | 1.3 | – | -18.2 | 0.2 |
| | Citigroup Inc | – | 0.7 | – | -24.8 | 0.2 |
| | Canadian National Railway | 1.6 | – | 4.6 | – | 0.2 |
| | Nasdaq, Inc | 1.4 | 0.0 | 6.7 | 6.7 | 0.2 |
| | Ww Grainger Inc | 1.2 | 0.1 | 7.9 | 7.9 | 0.1 |
| **Detractors** | Valeant Pharmaceuticals Intl Inc | 0.8 | – | -70.5 | – | -0.7 |
| | Endo International Plc | 0.8 | 0.1 | -57.2 | -57.2 | -0.5 |
| | Bank of America Corp | 1.9 | 0.8 | -24.9 | -24.9 | -0.2 |
| | JPMorgan Chase & Co | 3.1 | 1.3 | -15.9 | -15.9 | -0.2 |
| | Goldman Sachs Group Inc | 1.7 | 0.4 | -18.5 | -18.5 | -0.2 |

[1] Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Significant impacts on performance − detractors

| Relative to Standard & Poor's 500 Stock Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Health Care** | | Stock selection within this sector detracted from relative performance. | **-1.0** |
| | Valeant Pharmaceuticals Intl Inc | Holding Canadian pharmaceutical company Valeant Pharmaceuticals (Canada) detracted from relative returns. The fallout from political pressure on the company's drug price strategy and accusations of financial fraud though the company's unusual and undisclosed arrangement with online pharmacy Philidor continued to unfold. The company has delayed filing its 2015 10-K, announced it is under a US Securities and Exchange Commission (SEC) investigation and faces other legal battles that appeared to have weighed on business and share performance. | -0.7 |
| | Endo International Plc | A portfolio overweight in shares to speciality drug maker Endo International Plc (United States) hurt relative returns as the share price sank during the quarter. Earnings per share were better than consensus estimates, but while branded revenue beat analysts' forecasts, the generic products revenue was below expectations. The company also increased its product liability accruals for vaginal mesh litigation during the quarter. | -0.5 |
| **Financial Services** | | An overweight position in Financial Services detracted from relative performance as the sector underperformed the broad market over the quarter. | **-0.7** |
| | Bank of America Corp | Overweighting poor-performing financial services firm Bank of America (United States) hindered relative results. Despite reporting results that exceeded consensus expectations, concerns about potential energy-related loan losses and prospects for continued very low interest rates weighed on the shares of many banks, including Bank of America. | -0.2 |
| | JPMorgan Chase & Co | The portfolio's overweight position in financial services firm JPMorgan Chase (United States) hurt relative performance. Despite beating lowered earnings expectations, a tough performance environment for most banks weighed on shares of JPMorgan. The prospects for very low interest rates to persist for a longer-than-expected period of time presented headwinds for the company and the industry. | -0.2 |
| | Goldman Sachs Group Inc | An overweight position in financial services firm Goldman Sachs (United States) detracted from relative performance. Despite the company reporting earnings results for the quarter that were above lowered consensus estimates, very weak trading activity in the first two months of the year, concerns about potential losses in the energy area and more dovish commentary from the Federal Reserve weighed on its share price during the period. | -0.2 |
| **Utilities & Communications** | | An underweight position in Utilities & Communications detracted from relative performance as the sector outperformed the wider market over the quarter. | **-0.5** |

# Significant impacts on performance − contributors

| Relative to Standard & Poor's 500 Stock Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Individual stocks** | Amazon.Com Inc | Not holding shares of US-based internet retailer Amazon.com contributed to relative performance. The company reported weak earnings due to a year-over-year double-digit decline in sales in North American and international markets. Increased shipping costs also weighed on performance. | 0.2 |
| | Citigroup Inc | Not owning shares of diversified financial services firm Citigroup (United States) helped relative performance following lower-than-expected earnings due to weaker core revenues, higher operating expenses and a higher-than-expected provision for credit losses. In addition, management lowered guidance. | 0.2 |
| | Canadian National Railway | Canadian National Railway benefited relative performance. The company reported quarterly earnings that beat consensus estimates due to lower operating expenses as fuel costs were significantly lower. A slight tailwind from currency also benefited earnings due to the strong US dollar. This was against the backdrop of lower carload volumes during the period leading to slightly weaker revenues. | 0.2 |
| | Nasdaq, Inc | The portfolio's position in securities exchange services provider NASDAQ (United States) boosted relative performance. The company reported strong earnings that beat expectations, driven by solid non-transactional organic growth due to broad strength across most business lines. | 0.2 |
| | Ww Grainger Inc | An overweight position in maintenance, repair and operating (MRO) supplies distributor WW Grainger (United States) contributed to relative performance. Shares rose after management reported earnings that beat consensus expectations, driven by better-than-expected December sales and operating margins. | 0.1 |

# Significant transactions

**From 01-Jan-16 to 31-Mar-16**

| | Security | Sector | Transaction type | Trade (%) | Ending weight (%) |
|---|---|---|---|---|---|
| **Purchases** | ENTERPRISE PRODUCTS PARTNERS LP | Utilities & Communications | New position | 0.8 | 0.8 |
| | TEXAS INSTRS INC | Technology | New position | 0.6 | 0.7 |
| | BLACKSTONE GROUP LP | Financial Services | New position | 0.4 | 0.5 |
| | ELI LILLY & CO | Health Care | Add | 0.2 | 1.4 |
| | MEDTRONIC PLC | Health Care | Add | 0.2 | 1.2 |
| **Sales** | NOBLE ENERGY INC | Energy | Eliminate position | -0.7 | – |
| | L BRANDS INC | Retailing | Eliminate position | -0.5 | – |
| | MICROCHIP TECHNOLOGY | Technology | Eliminate position | -0.4 | – |
| | BRISTOL MYERS SQUIBB | Health Care | Trim | -0.4 | 1.1 |
| | EMC CORP | Technology | Trim | -0.3 | 1.2 |

# Sector weights

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) | Underweight/overweight (%) | Top holdings |
|---|---|---|---|---|
| Financial Services | 21.0 | 16.2 | 4.8 | JPMorgan Chase & Co, Visa Inc, Bank of America Corp |
| Special Products & Services | 6.6 | 2.5 | 4.1 | Accenture PLC, Cognizant Technology Solutions Corp, Fidelity National Information Services Inc |
| Consumer Staples | 10.6 | 8.1 | 2.5 | Newell Rubbermaid Inc, Mondelez International Inc, Danone SA |
| Industrial Goods & Services | 8.2 | 7.1 | 1.1 | Danaher Corp, Honeywell International Inc, United Technologies Corp |
| Basic Materials | 3.5 | 3.1 | 0.4 | Monsanto Co, Crown Holdings Inc |
| Leisure | 6.0 | 6.0 | 0.0 | Comcast Corp, Time Warner Inc, Walt Disney Co |
| Retailing | 7.7 | 7.9 | -0.2 | Ross Stores Inc, AutoZone Inc, LVMH Moet Hennessy Louis Vuitton SE |
| Transportation | 1.7 | 2.1 | -0.4 | Canadian National Railway Co |
| Autos & Housing | 1.2 | 1.8 | -0.6 | Sherwin-Williams Co |
| Health Care | 13.4 | 14.3 | -0.9 | Thermo Fisher Scientific Inc, Johnson & Johnson, Eli Lilly & Co |
| Energy | 4.3 | 6.3 | -2.0 | EOG Resources Inc, Schlumberger Ltd |
| Utilities & Communications | 4.4 | 7.1 | -2.7 | American Tower Corp REIT |
| Technology | 10.6 | 17.5 | -6.9 | Alphabet Inc Class A, Broadcom Ltd, Alphabet Inc Class C |

^ Standard & Poor's 500 Stock Index
0.8% Cash & cash equivalents

# Characteristics

| As of 31-Mar-16 | Portfolio | Benchmark^ |
|---|---|---|
| **Fundamentals - weighted average** | | |
| IBES long-term EPS growth [1] | 10.5% | 10.3% |
| Price/earnings (12 months forward ex-negative earnings) | 16.9x | 16.8x |
| Price/book | 2.6x | 2.7x |
| **Market capitalisation** | | |
| Market capitalisation (CAD) [2] | 131.2 bn | 181.3 bn |
| **Diversification** | | |
| Top ten holdings | 24% | 18% |
| Number of holdings | 80 | 504 |
| **Turnover** | | |
| Trailing 1 year turnover [3] | 25% | – |
| **Risk/reward (3 year)** | | |
| Historical tracking error | 2.41% | – |
| R-squared | 0.95% | – |
| Beta vs benchmark | 1.01 | – |
| Standard deviation | 10.37% | 10.00% |

^ Standard & Poor's 500 Stock Index

1 Source: Thomson Reuters

2 Weighted average.

3 (Lesser of Purchase or Sales)/Average Month End Market Value

**Past performance is no guarantee of future results. No forecasts can be guaranteed.**

**Top 10 issuers**

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) |
|---|---|---|
| ALPHABET INC | 4.4 | 2.5 |
| DANAHER CORP | 3.1 | 0.3 |
| JPMORGAN CHASE & CO | 3.1 | 1.2 |
| VISA INC | 2.9 | 0.8 |
| THERMO FISHER SCIENTIFIC INC | 2.4 | 0.3 |
| AMERICAN TOWER CORP | 2.2 | 0.2 |
| ACCENTURE PLC | 2.1 | 0.4 |
| JOHNSON & JOHNSON | 2.1 | 1.7 |
| COGNIZANT TECHNOLOGY | 2.0 | 0.2 |
| BANK OF AMERICA CORP | 2.0 | 0.8 |
| **Total** | **26.3** | **8.4** |

# Portfolio outlook and positioning

The portfolio is primarily focused on large-cap, higher-quality companies with sound, above average earnings/cash flow growth trading at reasonable valuations. More specifically, key attributes that we look for in an investment include sustainable, durable franchises with real barriers to entry, above average returns that are in excess of the cost of capital, balance sheets that can withstand adverse market conditions, and solid management teams that aim to allocate capital prudently and create long term value.

After a difficult start to the quarter, the S&P 500 was able to rally and finish slightly positive for the quarter. Through the market low on February 11, market leadership was in defensive sectors such as utilities and telecom while cyclicals lead in the second half rally. Overall, it remained a challenging environment for active managers. According to Bank of America Merrill Lynch, Q1 was the most challenging quarter in the history of their data (since 1998) for large cap managers as just 19% outperformed the S&P 500 and the average fund lagged by nearly 2%. Many of the factors that have hurt active managers over the last few years remained in place (heightened correlations and low dispersion), but active managers in general were also likely impacted by the massive reversal that occurred within the quarter. It is worth noting that given the long term focus and low turnover approach we employ, the market reversal didn't meaningfully impact our positioning or performance.

In looking at market dynamics during the first quarter, what is most striking is the strong performance of high yielding stocks. While it is not surprising that yield stocks performed well during the market selloff, it was surprising to see strength during the market recovery. Specifically, since the February 11 market bottom, yield has outperformed irrespective of sector or market cap. In fact, according to data compiled by Strategas, high yielding stocks have outperformed low yielding stocks by a healthy margin in every sector. This is especially unique in the sense that yield isn't typically the dominant return factor in a market rally. In looking at the portfolio's performance during the quarter, while our underweight to the highest yielding stocks was a meaningful headwind, over the long term our ability to outperform will largely be a function of our ability to identify compelling investment opportunities rather than broad sector, factor, market or economic calls and this quarter several underperforming stocks in health care, notably Valeant Pharmaceuticals, and financials were primary detractors from relative performance.

In light of recent developments, we decided to eliminate the position in Valeant Pharmaceuticals. After working with our analyst team and after several discussions with the company we reached the conclusion that we could no longer confidently value the company's assets and the range of potential outcomes from here is quite wide. While the stock may ultimately prove to be undervalued at these levels, we believe there is a reasonable risk of the equity being worth zero and this is a risk we are not comfortable with. Specifically, if asset values are below debt levels because future drug prices are substantially lower than we expect, this would create significant risk to equity shareholders. In addition, a more onerous pricing environment may negatively impact future cash flows and the company's lean operating model makes it unclear how much room there is for cost cutting. If fundamentals worsen, bond holders may extract extra payments/fees due to covenant breaches, further impairing cash flows. Finally, the change in CEO and accusations against the former CFO created more uncertainty.

# Portfolio outlook and positioning

Financials, most notably banks, were hurt by the same factors that appeared to be helping higher yielding equities, namely lower yields. Bank stocks moved lower during the quarter as expectations of a more favourable rate environment diminished and concerns around a weakening macro environment increased. In addition, potential losses related to energy exposures resulted in banks increasing reserves. While these issues need to be monitored, valuations appear to account for these risks as US large cap banks trade at or below book value and have single digit P/E ratios on forward earnings. In addition, financials have come a long way since the financial crisis and now hold more capital (US banks now have greater than 8% tangible common equity vs 4% ahead of the financial crisis), making the risk of highly dilutive capital raises far less likely. As a result, we have maintained our overweight to major banks since it remains as one of the few areas in the market that trades at discounted multiples on depressed earnings.

Looking at current positioning, in addition to major banks, we continue to find a number of compelling investment opportunities in business services, medical equipment and other banks and diversified financials. Within business services we are essentially gaining exposure to technology without taking specific product risk with positions in technology consulting and outsourcing companies Accenture and Cognizant and technology research firm Gartner. Specifically, our global technology team believes cloud computing will have a profound impact on technology spending for years to come. However, many of the companies likely to directly benefit from cloud computing trade at excessive valuations while some of the more established companies in technology are threatened by cloud computing, making investing in the sector challenging. Investing in Accenture, Cognizant and Gartner help solve this issue as all are high quality companies that benefit from technology complexity and trade at reasonable valuations.

In medical equipment we have found a mix of medical equipment and supplies companies that offer a combination of relatively steady, above average growth (driven by favourable long-term demographic trends that should drive volumes, favourable mix shift, new product launches and a focus on innovation, and penetration in faster growing markets), high or improving relative market share, expanding margins, strong free cash flow generation, resilient earnings, prudent capital deployment and stock prices trading at attractive valuations. In other banks and diversified financials we favour the payment processers which offer long duration volume growth combined with stable but modestly higher pricing. In addition, they offer high incremental margins, return the vast majority of FCF to shareholders and trade at fair valuations for high quality businesses.

Conversely, we have no exposure to integrated energy, biotechnology, telephone services, and REITs, and we are not finding many compelling opportunities in insurance, especially life insurance, and computer software. Our concerns with the integrated energy companies are that they seem to be pricing in much higher oil prices and at current strip pricing cash flows do not appear to cover capex and dividend payments, likely resulting in increasing debt leverage. We have no exposure to biotechnology companies given a combination of valuations that are not overly compelling and mixed fundamentals.

# Portfolio outlook and positioning

Not owning telephone services companies is due to concerns around the long term competitive environment, the likelihood that capital intensity will remain relatively high as they continue to build out their networks, and valuations that are not compelling. We continue to have no exposure to REITs which still look expensive relative to other financials. Finally, within insurance, while life insurance stocks are likely to benefit should we see a rising interest rate environment, we believe the businesses are still challenged long term and prefer other investments within financial services. In addition, not owning large benchmark constituent Berkshire Hathaway on valuation concerns increases our underweight. Our underweight to computer software is largely driven by not owning Microsoft and Oracle where we have concerns around the long term growth opportunity and current valuations.

During the quarter, we continued to search for opportunities across the market, and the technology sector saw one of the largest increases in relative exposure. Specifically, we added Texas Instruments. Texas Instruments is the largest player in the analog and embedded processing semi markets. While growth will be modest, the company will return 100% of FCF to shareholders in the form of dividends and buybacks. In addition, Texas Instruments has a best in class management team that is highly focused on improving margins and we are confident they will make the right strategic and capital management decisions for long term investors. We sold our position in Microchip Technology to fund the Texas Instruments position.

At the sector level, the largest decrease to relative exposure was in basic materials as we sold our position in W.R. Grace on concerns around the funding costs for the spin of the construction products and Darex packaging business.

Elsewhere, in retailing we sold our position in L Brands after strong performance made the valuation less compelling. We also eliminated the last portion of our Kohl's position, a name we initially believed was better positioned relative to other retailers, but ultimately we became convinced we were wrong on their relative positioning. Within energy, we sold our position in Noble Energy as leverage has increased given low oil prices and it is at risk of even higher leverage ratios next year if oil stays below $40. We used the proceeds to fund a new position in Enterprise Products Partners. EPD has traded like a levered E&P as oil prices have declined despite the fact that it isn't as exposed to lower oil prices as a levered E&P. As a result, we believe EPD offers significant upside in an oil price recovery with less downside than names such as Noble Energy. Finally, we eliminated our position in Precision Castparts given its acquisition by Berkshire Hathaway.

Looking forward, we believe it is extremely difficult to make equity investment decisions based on predictions around economic growth, interest rates, commodity prices or currency movements. As a result, we build the portfolio stock by stock and we will continue to seek out investment opportunities that can drive strong risk-adjusted performance over the long term. As financial conditions tighten, revenues and profits will likely become more variable, and we anticipate equity returns dispersion to increase and stock selection to become a larger contributor to active returns. In addition, we expect investors to shift their focus towards the durability of earnings and to reward higher quality companies with sufficient operating cushion and pricing power.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
|---|---|---|
| **Autos & Housing (1.2%)** | Sherwin-Williams Co | 1.2 |
| **Basic Materials (3.5%)** | Monsanto Co | 1.4 |
| | Crown Holdings Inc | 1.3 |
| | Praxair Inc | 0.8 |
| **Cash & Cash Equivalents (0.8%)** | Cash & Cash Equivalents | 0.8 |
| **Consumer Staples (10.6%)** | Newell Rubbermaid Inc | 1.9 |
| | Mondelez International Inc | 1.5 |
| | Danone SA | 1.4 |
| | Pernod Ricard SA | 1.1 |
| | Colgate-Palmolive Co | 1.1 |
| | Diageo PLC | 0.7 |
| | Procter & Gamble Co | 0.6 |
| | Kimberly-Clark Corp | 0.6 |
| | Mead Johnson Nutrition Co | 0.6 |
| | General Mills Inc | 0.5 |
| | Estee Lauder Cos Inc | 0.5 |
| **Energy (4.3%)** | EOG Resources Inc | 1.4 |
| | Schlumberger Ltd | 1.2 |
| | Cameron International Corp | 0.9 |
| | Occidental Petroleum Corp | 0.4 |
| | National Oilwell Varco Inc | 0.4 |
| | California Resources Corp | 0.0 |
| **Financial Services (21.0%)** | JPMorgan Chase & Co | 3.1 |
| | Visa Inc | 2.9 |
| | Bank of America Corp | 2.0 |
| | Wells Fargo & Co | 1.9 |
| | MasterCard Inc | 1.7 |
| | American Express Co | 1.7 |
| | Goldman Sachs Group Inc | 1.6 |
| | BlackRock Inc | 1.5 |
| | Nasdaq Inc | 1.3 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
|---|---|---|
| **Financial Services (continued) (21.0%)** | Chubb Ltd | 1.1 |
| | Morgan Stanley | 0.7 |
| | BB&T Corp | 0.6 |
| | State Street Corp | 0.5 |
| | Blackstone Group LP | 0.5 |
| **Health Care (13.4%)** | Thermo Fisher Scientific Inc | 2.4 |
| | Johnson & Johnson | 2.1 |
| | Eli Lilly & Co | 1.4 |
| | Stryker Corp | 1.3 |
| | Allergan plc | 1.2 |
| | Medtronic PLC | 1.2 |
| | Bristol-Myers Squibb Co | 1.1 |
| | McKesson Corp | 0.9 |
| | St Jude Medical Inc | 0.6 |
| | Abbott Laboratories | 0.6 |
| | Endo Health Solutions Inc | 0.5 |
| **Industrial Goods & Services (8.2%)** | Danaher Corp | 3.1 |
| | Honeywell International Inc | 1.7 |
| | United Technologies Corp | 1.3 |
| | WW Grainger Inc | 1.3 |
| | Fluor Corp | 0.9 |
| **Leisure (6.0%)** | Comcast Corp | 1.9 |
| | Time Warner Inc | 1.6 |
| | Walt Disney Co | 1.3 |
| | Twenty-First Century Fox Inc | 1.2 |
| **Retailing (7.7%)** | Ross Stores Inc | 1.6 |
| | AutoZone Inc | 1.4 |
| | LVMH Moet Hennessy Louis Vuitton SE | 1.3 |
| | Target Corp | 1.1 |
| | Costco Wholesale Corp | 1.0 |
| | VF Corp | 0.9 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Equivalent exposure (%) |
|---|---|---|
| **Retailing (continued) (7.7%)** | NIKE Inc | 0.6 |
| **Special Products & Services (6.6%)** | Accenture PLC | 2.1 |
| | Cognizant Technology Solutions Corp | 2.0 |
| | Fidelity National Information Services Inc | 1.6 |
| | Gartner Inc | 0.8 |
| **Technology (10.6%)** | Alphabet Inc Class A | 2.5 |
| | Broadcom Ltd | 2.0 |
| | Alphabet Inc Class C | 1.9 |
| | EMC Corp | 1.2 |
| | Apple Inc | 1.1 |
| | Adobe Systems Inc | 0.8 |
| | Texas Instruments Inc | 0.7 |
| | Hewlett Packard Enterprise Co | 0.5 |
| **Transportation (1.7%)** | Canadian National Railway Co | 1.7 |
| **Utilities & Communications (4.4%)** | American Tower Corp REIT | 2.2 |
| | Enterprise Products Partners LP | 0.8 |
| | American Electric Power Co Inc | 0.7 |
| | CMS Energy Corp | 0.4 |
| | Exelon Corp 0.000 JUN 01 17 | 0.3 |

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**To the Unit Holders of the MFS U.S. Equity Core Fund**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Investment Management Canada Limited ("MFS") complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS U.S. Equity Core Fund. Such certification is subject to the following conditions: (i) MFS' compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

**BY:** Christina Forster Pazienza

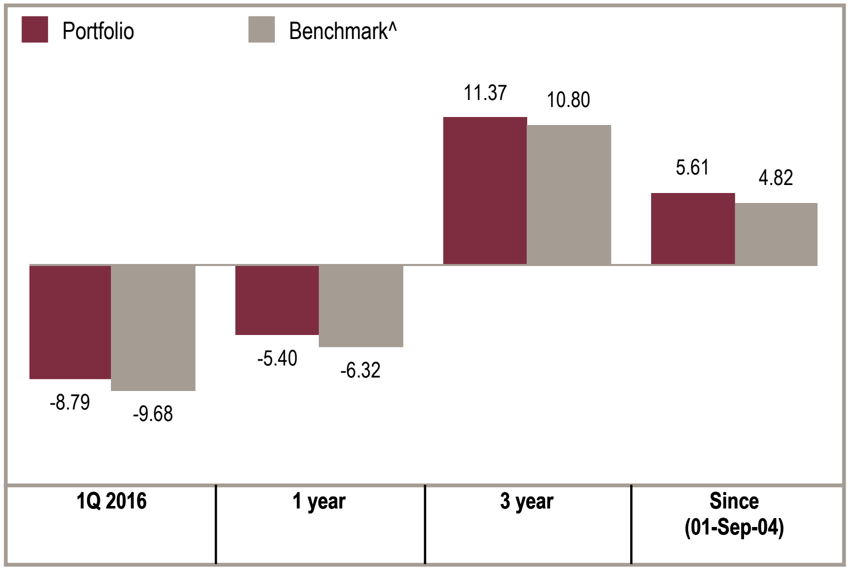
**Christina Forster Pazienza, CPA, CA**
Vice President & Chief Compliance Officer

**Dated: April 14, 2016**

# MFS International Equity Fund

# Executive summary

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**




Source for benchmark performance: SPAR, FactSet Research Systems Inc.
All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ MSCI EAFE (Europe, Australasia, Far East) Index (net div)

**Asset summary (CAD)**

| | |
|---|---|
| Beginning value as of 31-Dec-15 | 10,358,270 |
| Contributions | +98,779 |
| Withdrawals | -131,208 |
| Intra-portfolio transfers | -194,433 |
| Change in market value | -903,881 |
| Ending value as of 31-Mar-16 | 9,227,527 |

| Sector weights (%) as of 31-Mar-16 | Portfolio | Benchmark^^ |
|---|---|---|
| **Top overweights** | | |
| Consumer Staples | 19.1 | 11.0 |
| Technology | 11.6 | 5.7 |
| Leisure | 8.2 | 3.2 |
| **Top underweights** | | |
| Financial Services | 12.8 | 23.3 |
| Utilities & Communications | 1.7 | 9.1 |
| Autos & Housing | 3.1 | 7.1 |

^^ MSCI EAFE Index

The MFS International Equity Fund outperformed the MSCI EAFE Index in the first quarter of 2016.

**Contributors**

- Technology – Stock selection
- Consumer Staples – Overweight position
- Individual stocks:
  - Yum! Brands Inc
  - Terumo Corp
  - Canadian National Railway
  - Schneider Electric SA
  - Compass Group

**Detractors**

- Utilities & Communications – Stock selection and an underweight position
- Health Care – Stock selection
- Autos & Housing – Stock selection
- Currency
- Individual stocks:
  - UBS AG
  - Global Brands Group Holding
  - Barclays PLC

# Performance results

Performance results (%) net of expenses (CAD) as of 31-Mar-16

| Period | Portfolio (%) | Benchmark^ (%) | Excess return vs benchmark (%) |
|---|---|---|---|
| 1Q 2016 | -8.79 | -9.68 | 0.89 |
| 4Q 2015 | 6.67 | 8.49 | -1.82 |
| 3Q 2015 | -2.88 | -3.60 | 0.72 |
| 2Q 2015 | 0.11 | -0.82 | 0.93 |
| 2015 | 20.84 | 18.95 | 1.89 |
| 2014 | 3.48 | 3.67 | -0.19 |
| 2013 | 27.73 | 31.02 | -3.29 |
| 2012 | 17.89 | 14.72 | 3.17 |
| 2011 | -8.05 | -9.97 | 1.92 |
| 1 year | -5.40 | -6.32 | 0.92 |
| 3 year | 11.37 | 10.80 | 0.57 |
| 5 year | 9.40 | 8.29 | 1.11 |
| 10 year | 4.15 | 2.85 | 1.30 |
| Since client inception (01-Sep-04) | 5.61 | 4.82 | 0.79 |

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.

**Past performance is no guarantee of future results.**

^ MSCI EAFE (Europe, Australasia, Far East) Index (net div)

# Performance drivers - sectors

**Relative to MSCI EAFE Index (CAD) - first quarter 2016**

| | | Average relative weighting (%) | Portfolio returns (%) | Benchmark returns (%) | Sector allocation (%) + | Stock selection (%) + | Currency effect (%) = | Relative contribution (%) |
|---|---|---|---|---|---|---|---|---|
| **Contributors** | Technology | 5.5 | -4.9 | -10.1 | -0.1 | 0.7 | -0.0 | 0.5 |
| | Consumer Staples | 7.8 | -4.0 | -4.1 | 0.5 | -0.1 | 0.0 | 0.4 |
| | Special Products & Services | 3.6 | -5.4 | -7.5 | 0.1 | 0.3 | -0.2 | 0.2 |
| | Leisure | 4.9 | -5.3 | -5.1 | 0.3 | 0.3 | -0.3 | 0.2 |
| | Transportation | -0.7 | 2.8 | -6.8 | -0.0 | 0.3 | -0.1 | 0.2 |
| | Financial Services | -10.4 | -19.4 | -15.9 | 0.7 | -0.3 | -0.2 | 0.1 |
| | Cash | 1.2 | – | – | 0.0 | – | 0.1 | 0.1 |
| **Detractors** | Utilities & Communications | -7.4 | -13.3 | -6.3 | -0.3 | -0.1 | 0.0 | -0.3 |
| | Health Care | 0.6 | -14.8 | -12.7 | -0.0 | -0.4 | 0.1 | -0.3 |
| | Autos & Housing | -3.3 | -20.1 | -13.6 | 0.1 | -0.4 | -0.0 | -0.2 |
| | Energy | -2.3 | -4.7 | -2.5 | -0.2 | -0.2 | 0.1 | -0.2 |
| | Retailing | 0.2 | -9.1 | -6.4 | 0.0 | -0.1 | -0.0 | -0.1 |
| | Basic Materials | 0.9 | -6.3 | -3.8 | 0.0 | -0.2 | 0.0 | -0.1 |
| | Industrial Goods & Services | -0.6 | -4.5 | -4.1 | -0.0 | 0.0 | -0.0 | -0.0 |
| **Total** | | | **-9.1** | **-9.6** | **1.2** | **-0.2** | **-0.6** | **0.4** |

Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Performance drivers - stocks

**Relative to MSCI EAFE Index (CAD) - first quarter 2016**

| | | Average Weighting | | Returns | | Relative |
|---|---|---|---|---|---|---|
| | | Portfolio (%) | Benchmark (%) | Portfolio (%)[1] | Benchmark (%) | contribution (%) |
| **Contributors** | Taiwan Semiconductor | 2.6 | – | 7.2 | – | 0.4 |
| | Yum! Brands Inc | 2.1 | – | 5.0 | – | 0.3 |
| | Terumo Corp | 1.9 | 0.1 | 6.9 | 6.9 | 0.3 |
| | Canadian National Railway | 1.8 | – | 4.6 | – | 0.2 |
| | Schneider Electric SA | 1.9 | 0.3 | 3.2 | 3.2 | 0.2 |
| **Detractors** | Valeant Pharmaceuticals Intl Inc | 0.5 | – | -68.3 | – | -0.4 |
| | UBS AG | 2.3 | 0.5 | -22.8 | -22.8 | -0.3 |
| | Denso Corp | 2.1 | 0.2 | -21.5 | -21.5 | -0.2 |
| | Global Brands Group Holding | 0.4 | – | -40.5 | – | -0.2 |
| | Barclays PLC | 0.8 | 0.4 | -36.4 | -36.4 | -0.1 |

[1] Represents performance for the time period stock was held in portfolio.
Attribution results are generated by the FactSet application utilising a methodology which is widely accepted in the investment industry. Results are based upon daily holdings using a buy and hold methodology to generate individual security returns and do not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

# Significant impacts on performance − contributors

| Relative to MSCI EAFE Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Technology** | | Stock selection within this sector contributed to relative performance. | **0.5** |
| | Taiwan Semiconductor | Holdings of the largest contract semiconductor manufacturer in the world, Taiwan Semiconductor Manufacturing (Taiwan), benefited relative returns. Cost reductions and expense controls helped the company deliver net income and operating margins that were greater than market expectations. Management also issued an optimistic outlook for 2016, noting the potential for a recovery in demand from the smartphone market. | 0.4 |
| **Consumer Staples** | | An overweight position in Consumer Staples contributed to relative performance as the sector outperformed the broad market over the quarter. | **0.4** |
| **Individual stocks** | Yum! Brands Inc | Holding fast food restaurant company Yum! Brands (United States) aided relative returns. Shares rose on the back of solid fourth-quarter earnings characterised by strong restaurant margins, improvement in the turnaround of KFC and sales growth in China. | 0.3 |
| | Terumo Corp | Overweighting medical products and equipment manufacturer Terumo (Japan) aided relative performance after the company beat quarterly earnings expectations. The launch of the drug-eluting coronary stent Ultimaster and healthy results from the interventional systems division contributed to the strength in earnings. | 0.3 |
| | Canadian National Railway | Canadian National Railway benefited relative performance. The company reported quarterly earnings that beat consensus estimates due to lower operating expenses as fuel costs were significantly lower. A slight tailwind from currency also benefited earnings due to the strong US dollar. This was against the backdrop of lower carload volumes during the period leading to slightly weaker revenues. | 0.2 |
| | Schneider Electric SA | The portfolio's overweight position in electrical distribution equipment manufacturer Schneider Electric (France) supported relative performance. Shares outpaced the benchmark as management raised the dividend to 2 euro per share confirming it will buy back 900m shares, up from 600m the previous year. This alleviated pressure from the steeper-than-expected decline in the net profit which management attributed to slowing demand from the Chinese oil and gas sector. | 0.2 |
| | Compass Group | An overweight position in Compass Group (United Kingdom), a catering group, contributed to positive portfolio performance. The share price accelerated after the company reported strong Q1 results which were above market expectations due to a weak sterling and strong demand from clients in the technology, healthcare and sports & leisure sectors. | 0.2 |

# Significant impacts on performance − detractors

| Relative to MSCI EAFE Index (CAD) - first quarter 2016 | | | Relative contribution (%) |
|---|---|---|---|
| **Utilities & Communications** | | An underweight position in Utilities & Communications detracted from relative performance as the sector outperformed the wider market over the quarter. | **-0.3** |
| **Health Care** | | Stock selection within this sector detracted from relative performance. | **-0.3** |
| | Valeant Pharmaceuticals Intl Inc | Holding Canadian pharmaceutical company Valeant Pharmaceuticals (Canada) detracted from relative returns. The fallout from political pressure on the company's drug price strategy and accusations of financial fraud though the company's unusual and undisclosed arrangement with online pharmacy Philidor continued to unfold. The company has delayed filing its 2015 10-K, announced it is under a US Securities and Exchange Commission (SEC) investigation and faces other legal battles that appeared to have weighed on business and share performance. | -0.4 |
| **Autos & Housing** | | Stock selection within this sector detracted from relative performance. | **-0.2** |
| | Denso Corp | An overweight position in automotive components manufacturer Denso Corp (Japan) detracted from relative performance. The company's third-quarter earnings fell short of market expectations because of antitrust-related expenses and losses on the sale of fixed assets. | -0.2 |
| | Honda Motor Co Ltd | An overweight position in shares of automobiles, motorcycles and power products manufacturer Honda Motor Co. (Japan) detracted from relative performance after the company reported lower-than-expected earnings due to recall costs related to potentially faulty air bag inflators made by Takata Corp. | -0.1 |
| **Individual stocks** | UBS AG | Overweighting investment management and banking firm UBS (Switzerland) hurt relative returns during the period. Net fourth quarter outflows in the wealth management division and weak revenues from the investment banking segment weighed on the company's fourth-quarter results. This came as the company saw improvement in its capital ratio and issued a greater-than-expected dividend per share. | -0.3 |
| | Global Brands Group Holding | The share price of branded clothing company Global Brands Group (Hong Kong) sank during the quarter, as the company reported earnings results for the second half of 2015. Core operating profit was down 2 per cent year over year, driven by discontinuing underperforming brands and a warm winter. Portfolio holdings of these shares dragged down performance. | -0.2 |
| | Barclays PLC | Investment banking firm Barclays (United Kingdom) has continued to slide since the start of the second half of last year. Fourth-quarter earnings results disappointed as pre-tax profit came in 10 per cent lower than consensus estimates, driven by slightly weaker income and higher loan losses. Other news that added to the negative sentiment of the shares included the announcement of a surprise dividend cut and higher than expected costs associated with divesting its non-core businesses. | -0.1 |

# Significant transactions

**From 01-Jan-16 to 31-Mar-16**

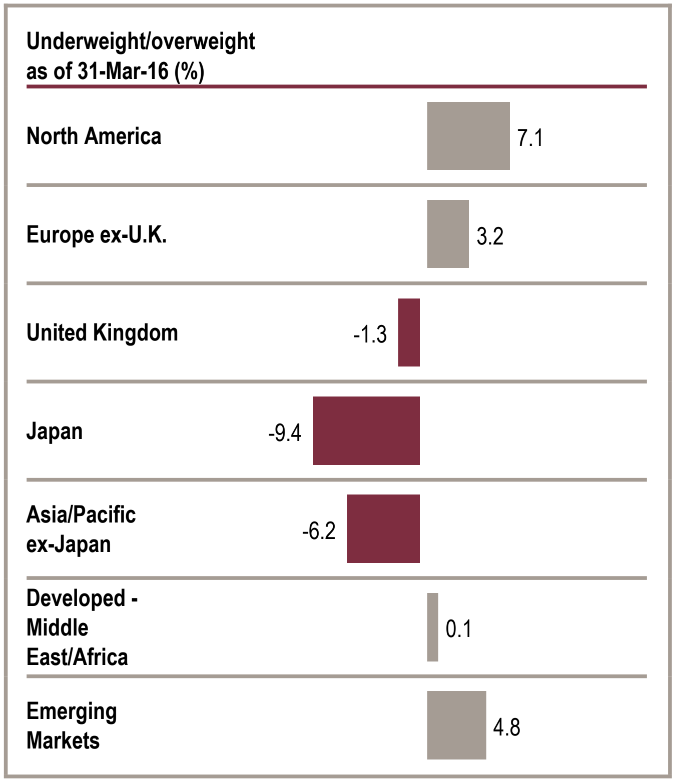
| | Security | Sector | Transaction type | Trade (%) | Ending weight (%) |
|---|---|---|---|---|---|
| **Purchases** | DAIKIN INDUSTRIES LTD | Industrial Goods & Services | New position | 0.7 | 0.8 |
| | KUBOTA CORP | Industrial Goods & Services | New position | 0.6 | 0.6 |
| | L'OREAL SA | Consumer Staples | Add | 0.5 | 1.0 |
| | ENI SPA | Energy | New position | 0.5 | 0.5 |
| | SUNCOR ENERGY INC | Energy | Add | 0.2 | 1.2 |
| **Sales** | HONDA MOTOR CO LTD | Autos & Housing | Trim | -1.3 | 0.6 |
| | BG GROUP PLC | Energy | Eliminate position | -1.0 | – |
| | COMPASS GROUP EQUITY | Special Products & Services | Trim | -0.6 | 3.0 |
| | INPEX CORP | Energy | Trim | -0.5 | 0.3 |
| | STANDARD CHARTERED PLC | Financial Services | Eliminate position | -0.3 | – |

# Sector weights

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) | Underweight/overweight (%) | Top holdings |
|---|---|---|---|---|
| Consumer Staples | 19.1 | 11.0 | 8.1 | Nestle SA ADR, Danone SA, Reckitt Benckiser Group PLC |
| Technology | 11.6 | 5.7 | 5.9 | Taiwan Semiconductor Manufacturing Co Ltd ADR, Hoya Corp, SAP SE ADR |
| Leisure | 8.2 | 3.2 | 5.0 | WPP PLC ADR, Yum! Brands Inc, Sky PLC |
| Special Products & Services | 7.2 | 4.0 | 3.2 | Compass Group PLC, Randstad Holding NV, Amadeus IT Holding SA |
| Basic Materials | 6.9 | 6.1 | 0.8 | Air Liquide SA ADR, Akzo Nobel NV, Linde AG |
| Health Care | 11.7 | 11.3 | 0.4 | Bayer AG, Roche Holding AG ADR, Terumo Corp |
| Retailing | 4.9 | 4.8 | 0.1 | LVMH Moet Hennessy Louis Vuitton SE, Hennes & Mauritz AB |
| Industrial Goods & Services | 6.7 | 6.8 | -0.1 | Schneider Electric SE, FANUC Corp |
| Transportation | 2.4 | 3.0 | -0.6 | Canadian National Railway Co |
| Energy | 2.0 | 4.6 | -2.6 | Suncor Energy Inc |
| Autos & Housing | 3.1 | 7.1 | -4.0 | Denso Corp |
| Utilities & Communications | 1.7 | 9.1 | -7.4 | Engie SA |
| Financial Services | 12.8 | 23.3 | -10.5 | AIA Group Ltd, UBS Group AG, DBS Group Holdings Ltd |

^ MSCI EAFE Index
1.6% Cash & cash equivalents

# Region and country weights




1.6% Cash & cash equivalents

[1] The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Finland 1.0%; Norway 0.6%; Ireland 0.5% and 3 countries with weights less than 0.5% which totals to 0.5%.

| | Portfolio (%) | Benchmark^ (%) | Underweight/ overweight (%) |
|---|---|---|---|
| **North America** | **7.1** | **0.0** | **7.1** |
| Canada | 4.3 | 0.0 | 4.3 |
| United States | 2.8 | 0.0 | 2.8 |
| **Europe ex-U.K.** | **48.7** | **45.5** | **3.2** |
| France | 15.6 | 10.0 | 5.6 |
| Switzerland | 12.8 | 9.1 | 3.7 |
| Netherlands | 5.2 | 3.1 | 2.1 |
| Germany | 10.8 | 9.2 | 1.6 |
| Belgium | 0.7 | 1.4 | -0.7 |
| Denmark | 0.7 | 2.0 | -1.3 |
| Sweden | 1.3 | 2.9 | -1.6 |
| Italy | 0.5 | 2.2 | -1.7 |
| Spain | 1.2 | 3.1 | -1.9 |
| Other countries[1] | 0.0 | 2.4 | -2.4 |
| **United Kingdom** | **18.0** | **19.3** | **-1.3** |
| **Japan** | **13.1** | **22.5** | **-9.4** |
| **Asia/Pacific ex-Japan** | **5.8** | **12.0** | **-6.2** |
| Singapore | 2.1 | 1.4 | 0.7 |
| Hong Kong | 3.2 | 3.3 | -0.1 |
| Australia | 0.5 | 7.2 | -6.7 |
| Other countries[1] | 0.0 | 0.2 | -0.2 |
| **Developed - Middle East/Africa** | **0.8** | **0.7** | **0.1** |
| Israel | 0.8 | 0.7 | 0.1 |
| **Emerging Markets** | **4.8** | **0.0** | **4.8** |
| Taiwan | 3.4 | 0.0 | 3.4 |
| China | 0.7 | 0.0 | 0.7 |
| Brazil | 0.6 | 0.0 | 0.6 |

^ MSCI EAFE Index

# Characteristics

| As of 31-Mar-16 | Portfolio | Benchmark^ |
|---|---|---|
| **Fundamentals - weighted average** | | |
| IBES long-term EPS growth [1] | 8.4% | 8.2% |
| Price/earnings (12 months forward ex-negative earnings) | 15.9x | 14.4x |
| Return on invested capital | 12.4% | 9.7% |
| **Market capitalisation** | | |
| Market capitalisation (CAD) [2] | 79.0 bn | 68.7 bn |
| **Diversification** | | |
| Top ten holdings | 30% | 11% |
| Number of holdings | 73 | 928 |
| **Turnover** | | |
| Trailing 1 year turnover [3] | 20% | – |
| **Risk profile (current)** | | |
| Barra predicted tracking error[4] | 2.87% | – |
| Active share | 81% | – |
| **Risk/reward (5 year)** | | |
| Historical tracking error | 3.17% | – |

^ MSCI EAFE Index
[1] Source: Thomson Reuters
[2] Weighted average.
[3] (Lesser of Purchase or Sales)/Average Month End Market Value
[4] Source: Barra
**Past performance is no guarantee of future results. No forecasts can be guaranteed.**

**Top 10 issuers**

| As of 31-Mar-16 | Portfolio (%) | Benchmark^ (%) |
|---|---|---|
| NESTLE SA | 3.8 | 2.0 |
| WPP GROUP PLC | 3.5 | 0.3 |
| BAYER AG | 3.4 | 0.8 |
| COMPASS GROUP EQUITY | 3.0 | 0.2 |
| ROCHE HOLDINGS AG | 3.0 | 1.5 |
| TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED | 2.9 | – |
| HOYA CORP | 2.6 | 0.1 |
| DANONE | 2.6 | 0.4 |
| RECKITT BENCKISER GROUP PLC | 2.5 | 0.5 |
| PERNOD-RICARD | 2.3 | 0.2 |
| **Total** | **29.5** | **6.0** |

# Portfolio outlook and positioning

The International Equity strategy is focused on high-quality companies with sustainable above-average growth and returns, whose prospects are not reflected in their valuation.

We continue to favour consumer staples, technology, and broadcasting/cable tv companies. Our investments in consumer staples companies, in general, have strong brands, pricing power and diverse geographical footprints that we believe should enable them to grow at above-average rates; these companies generally have strong balance sheets, good cash flow generation and attractive valuations. Within technology, we own several companies that we believe should benefit from an increased penetration of smartphones, tablets and cloud computing, on a global basis. Finally, we believe our holdings in broadcasting/cable tv companies are attractively-valued companies with good long-term growth prospects.

Within financials, we remain cautious due to our belief that most developed market commercial banks and insurance companies cannot grow faster than global GDP through a full economic cycle. We are also concerned about the increased risks for these companies given the political issues facing many developed market countries' financial systems, and the near-term uncertainty regarding possible outcomes.

There are also limited opportunities to invest in electric utility and telecommunication companies, particularly in developed markets. We believe returns and growth rates for telecommunication companies are low because competitive pressures and technological changes generally keep capital intensity relatively high. The regulatory environment for electric utilities remains a headwind due to the fiscal stress of governments globally.

Key trades during the quarter included:

- Initiating positions in two Japanese industrial goods & services companies. First, we purchased Daikin, a manufacturing company of commercial and consumer air conditioners. We believe Daikin's advantage stems from its solid technological lead versus its peers and has a high-end brand reputation, especially in China and Asia. It is globally diversified from a sales perspective and has a balanced portfolio of commercial vs consumer exposure. Second, we established a position in Japanese farming equipment company Kubota. We believe Kubota's competitive advantage is their engine technology which provides for a dominant position in the small- and mid- market globally. A recent pull back in the share price for both companies provided attractive entry points at current valuations. To fund these transactions, we trimmed our exposure in Japanese auto manufacturer Honda due to concerns regarding the company's future growth prospects.

# Portfolio outlook and positioning

- Within energy, trimming UK energy company BG Group as the discount narrowed versus Royal Dutch Shell following the announcement last year that Royal Dutch would purchase BG Group. We also trimmed our position in Japanese energy company Inpex due to concerns regarding the strength of the company's balance sheet. We redeployed the proceeds from these sales into Italian integrated energy company ENI SpA as we believe the company has a stronger balance sheet and more sustainable dividend at current energy prices levels. In addition, ENI is also one of the few oil and gas companies that have actually had a good degree of exploration success over the past few years, which gives them a wide range of options for future development and asset sales.

- Continuing to build our position in global cosmetics company L'Oreal as we believe the company has a proven management team, strong brands across a wide range of price points, and has generated modest growth outside of EM markets in recent years.

- Trimming our exposure to UK food services company Compass Group over concerns regarding future margin opportunities and relatively high valuation.

- Eliminating global financial services company Standard Chartered due to concerns regarding the company's future growth potential and strength of its balance sheet.

Following the global market correction and rapid recovery in the first quarter, issues around weak growth, continued divergence of central bank policies and a tenuous rebound in commodity prices are expected to continue to weigh on markets in 2016. While modest growth and a robust labor market in the US provide some support for raising rates, the Federal Reserve continues to tread carefully in view of uncertain global financial conditions, as well as the negative impact of the rising US dollar on Emerging Markets and commodities. Policymakers outside the US continue to implement accommodative policies, including increased adoption of negative interest rates, to stimulate sluggish economic growth.

Valuations in Europe remain attractive compared to the United States and Japan, which are trading at elevated levels. However, rising unit labor costs and subpar returns on equity — relative to the US — are headwinds. In recent months, compelling valuations and a weaker pound sterling have provided support for UK equities, but we are mindful of the potential for volatility if the United Kingdom votes to leave the European Union.

# Portfolio outlook and positioning

Within Japan, while high relative to Europe and many emerging markets, valuations are in line with those in the US. Although manufacturers are benefiting from historically low energy costs and interest rates, recent yen strength — despite additional monetary stimulus — is a headwind for exporters. While the most recent focus has been around structural reform, we believe the implementation has been more marginal than mainstream. Implementing reforms to increase female participation in the labor force, allowing targeted immigration, and creating reforms in agriculture and other sectors, will take time.

Many emerging market countries outperformed the broad equity market as expectations for a less aggressive increase in interest rates by the Federal Reserve, coupled with a rise in commodity prices, buoyed the performance of emerging markets. Furthermore, their currencies rebounded strongly and signs of stabilization in economic growth became more evident. While structural and political challenges are abundant, consumer spending trends remain strong, especially in those countries that are transitioning to consumption-driven economies. In particular, China has benefited from an expanding middle class and greater labor participation over the past decade and that trend is expected to continue. The rise of the middle class has contributed to a sizeable expansion in discretionary spending including the travel and leisure categories as well as semi-necessities such as those found in the consumer staples and retailing sectors. Consumption growth rates in these categories are expected to be in the mid-to-high single digits annually through 2030. On a revenue basis, many of our multi-national companies have meaningful exposure to the emerging markets, and we remain optimistic in their long-term prospects. Two portfolio holdings that we believe should benefit from this trend are Pernod Ricard and LVMH. The French wine and spirits producer Pernod Ricard has a diverse portfolio of leading brands with a strong market share in China, while LVMH produces various luxury goods with dominant brands that appeal to the growing demand and affluence of Chinese consumers.

Through our exposure to high-quality companies, we believe the portfolio remains well positioned to outperform the market over the long term, regardless of particular stages of the economic cycle.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio holdings

| As of 31-Mar-16 | Holding | Country | Equivalent exposure (%) |
|---|---|---|---|
| **Autos & Housing (3.1%)** | Denso Corp | Japan | 2.0 |
| | Honda Motor Co Ltd | Japan | 0.6 |
| | Delphi Automotive PLC | United States | 0.6 |
| **Basic Materials (6.9%)** | Air Liquide SA ADR | France | 2.2 |
| | Akzo Nobel NV | Netherlands | 1.8 |
| | Linde AG | Germany | 1.2 |
| | Rio Tinto PLC ADR | United Kingdom | 0.8 |
| | Shin-Etsu Chemical Co Ltd | Japan | 0.5 |
| | Orica Ltd | Australia | 0.5 |
| **Cash & Cash Equivalents (1.6%)** | Cash & Cash Equivalents | | 1.6 |
| **Consumer Staples (19.1%)** | Nestle SA ADR | Switzerland | 3.8 |
| | Danone SA | France | 2.6 |
| | Reckitt Benckiser Group PLC | United Kingdom | 2.5 |
| | Pernod Ricard SA | France | 2.3 |
| | Beiersdorf AG | Germany | 1.9 |
| | Diageo PLC ADR | United Kingdom | 1.7 |
| | Japan Tobacco Inc | Japan | 1.7 |
| | L'Oreal SA | France | 1.0 |
| | Carlsberg AS | Denmark | 0.7 |
| | Ambev SA ADR | Brazil | 0.6 |
| | Heineken NV | Netherlands | 0.4 |
| **Energy (2.0%)** | Suncor Energy Inc | Canada | 1.2 |
| | Eni SpA | Italy | 0.5 |
| | Inpex Corp | Japan | 0.3 |
| **Financial Services (12.8%)** | AIA Group Ltd | Hong Kong | 2.3 |
| | UBS Group AG | Switzerland | 2.2 |
| | DBS Group Holdings Ltd | Singapore | 1.6 |
| | ING Groep NV | Netherlands | 1.6 |
| | HSBC Holdings PLC ADR | United Kingdom | 1.3 |
| | Julius Baer Group Ltd | Switzerland | 0.9 |
| | Prudential PLC | United Kingdom | 0.9 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Country | Equivalent exposure (%) |
| --- | --- | --- | --- |
| **Financial Services (continued) (12.8%)** | KBC Groep NV | Belgium | 0.7 |
| | Barclays PLC | United Kingdom | 0.7 |
| | Element Financial Corp | Canada | 0.6 |
| **Health Care (11.7%)** | Bayer AG | Germany | 3.4 |
| | Roche Holding AG ADR | Switzerland | 3.0 |
| | Terumo Corp | Japan | 2.0 |
| | Novartis AG | Switzerland | 1.7 |
| | Merck KGaA | Germany | 1.0 |
| | Sonova Holding AG | Switzerland | 0.5 |
| **Industrial Goods & Services (6.7%)** | Schneider Electric SE | France | 2.1 |
| | FANUC Corp | Japan | 1.0 |
| | Rolls-Royce Holdings PLC | United Kingdom | 1.0 |
| | Legrand SA | France | 0.8 |
| | Daikin Industries Ltd | Japan | 0.8 |
| | Kubota Corp | Japan | 0.6 |
| | MTU Aero Engines AG | Germany | 0.5 |
| **Leisure (8.2%)** | WPP PLC ADR | United Kingdom | 3.5 |
| | Yum! Brands Inc | United States | 2.3 |
| | Sky PLC | United Kingdom | 1.8 |
| | ProSiebenSat.1 Media AG Pfd | Germany | 0.7 |
| **Retailing (4.9%)** | LVMH Moet Hennessy Louis Vuitton SE | France | 1.9 |
| | Hennes & Mauritz AB | Sweden | 1.3 |
| | Loblaw Cos Ltd | Canada | 0.6 |
| | Li & Fung Ltd | Hong Kong | 0.6 |
| | Global Brands Group Holding Ltd | Hong Kong | 0.4 |
| | Hermes International | France | 0.2 |
| **Special Products & Services (7.2%)** | Compass Group PLC | United Kingdom | 3.0 |
| | Randstad Holding NV | Netherlands | 1.4 |
| | Amadeus IT Holding SA | Spain | 1.2 |
| | Smiths Group PLC | United Kingdom | 1.0 |
| | Bureau Veritas SA | France | 0.6 |

# Portfolio holdings

| As of 31-Mar-16 | Holding | Country | Equivalent exposure (%) |
|---|---|---|---|
| **Technology (11.6%)** | Taiwan Semiconductor Manufacturing Co Ltd ADR | Taiwan | 2.9 |
| | Hoya Corp | Japan | 2.6 |
| | SAP SE ADR | Germany | 2.2 |
| | Kyocera Corp | Japan | 1.1 |
| | Check Point Software Technologies Ltd | Israel | 0.8 |
| | Dassault Systemes | France | 0.7 |
| | Alibaba Group Holding Ltd ADR | China | 0.7 |
| | Hon Hai Precision Industry Co Ltd | Taiwan | 0.5 |
| **Transportation (2.4%)** | Canadian National Railway Co | Canada | 1.9 |
| | Kuehne + Nagel International AG | Switzerland | 0.5 |
| **Utilities & Communications (1.7%)** | Engie SA | France | 1.2 |
| | Singapore Telecommunications Ltd | Singapore | 0.5 |

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**To the Unit Holders of the MFS International Equity Fund**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Investment Management Canada Limited ("MFS") complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS International Equity Fund. Such certification is subject to the following conditions: (i) MFS' compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

**BY:** Christina Forster Pazienza

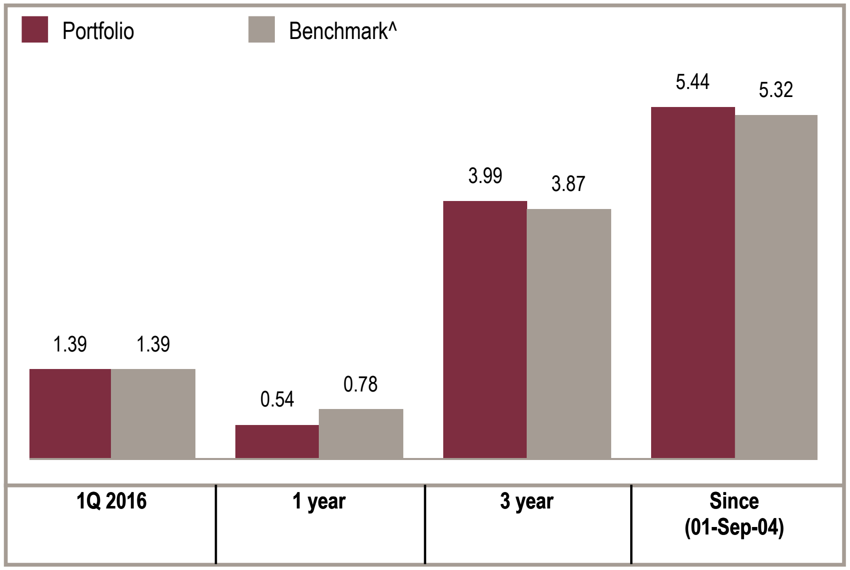
**Christina Forster Pazienza, CPA, CA**
Vice President & Chief Compliance Officer

**Dated: April 14, 2016**

# MFS Canadian Fixed Income Fund

# Executive summary

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**




Source for benchmark performance: SPAR, FactSet Research Systems Inc.
All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ FTSE TMX Canada Universe Bond Index

**Asset summary (CAD)**

| | |
|---|---|
| Beginning value as of 31-Dec-15 | 14,094,032 |
| Contributions | +139,965 |
| Withdrawals | -186,716 |
| Intra-portfolio transfers | +534,565 |
| Change in market value | +202,016 |
| Ending value as of 31-Mar-16 | 14,783,862 |

| Key portfolio characteristics as of 31-Mar-16 | Portfolio | Benchmark^^ |
|---|---|---|
| Average effective duration | 7.25yrs | 7.49yrs |
| Yield to worst | 2.26% | 1.95% |

^^ FTSE TMX Canada Bond Universe Index

| Portfolio composition (%) | | |
|---|---|---|
| Federal | 23.69 | 36.29 |
| Provincial | 28.35 | 34.05 |
| Municipal | 2.09 | 1.90 |
| Corporate | 45.39 | 27.76 |
| Cash & Cash Equivalents | 0.47 | 0.00 |

# Performance results

| Performance results (%) net of expenses (CAD) as of 31-Mar-16<br>Period | Portfolio (%) | Benchmark^ (%) | Excess return vs benchmark (%) |
|---|---|---|---|
| 1Q 2016 | 1.39 | 1.39 | 0.00 |
| 4Q 2015 | 0.88 | 0.98 | -0.10 |
| 3Q 2015 | -0.06 | 0.15 | -0.21 |
| 2Q 2015 | -1.65 | -1.71 | 0.06 |
| 2015 | 3.05 | 3.52 | -0.47 |
| 2014 | 9.41 | 8.79 | 0.62 |
| 2013 | -0.71 | -1.19 | 0.48 |
| 2012 | 4.46 | 3.60 | 0.86 |
| 2011 | 8.88 | 9.67 | -0.79 |
| 1 year | 0.54 | 0.78 | -0.24 |
| 3 year | 3.99 | 3.87 | 0.12 |
| 5 year | 5.29 | 5.15 | 0.14 |
| 10 year | 5.36 | 5.22 | 0.14 |
| Since client inception (01-Sep-04) | 5.44 | 5.32 | 0.12 |

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.

**Past performance is no guarantee of future results.**

^ FTSE TMX Canada Universe Bond Index

# Significant impacts on performance

**Relative to FTSE TMX Canada Bond Universe Index - first quarter 2016**

| | | |
|---|---|---|
| **Contributors** | Yield curve positioning | The portfolio's underweight position in bonds with remaining term-to-maturity between two and five years had a favourable effect on relative performance as Government of Canada yields in this part of the curve moved higher on waning expectations of further Bank of Canada policy easing. |
| | Security selection within energy and communication | Bond selection in energy and communication was an area of relative strength, led by the portfolio's holdings of long-dated bonds issued by media, telecommunications, and energy distribution companies. |
| **Detractors** | Shorter relative duration | The portfolio's shorter duration posture relative to the benchmark detracted during a period in which government bond yields drifted lower across all but the short end of the curve. |
| | Sector allocation within corporates | An overweight exposure to bonds in industrials and energy held back performance as spreads widened by 14 bps and 6 bps in these sectors respectively whereas overall corporate spreads ended the quarter roughly where they began. |

# Positioning

| As of 31-Mar-16 | | Portfolio (%) | Benchmark^ (%) | Underweight/overweight (%) |
|---|---|---|---|---|
| **Portfolio composition** | Federal | 23.69 | 36.29 | -12.60 |
| | Provincial | 28.35 | 34.05 | -5.70 |
| | Municipal | 2.09 | 1.90 | 0.19 |
| | Corporate | 45.39 | 27.76 | 17.63 |
| | Cash & Cash Equivalents | 0.47 | 0.00 | 0.47 |
| **Corporate composition** | Communication | 1.76 | 2.76 | -1.00 |
| | Energy | 7.29 | 4.31 | 2.98 |
| | Financial | 25.21 | 12.19 | 13.02 |
| | Industrial | 6.13 | 1.88 | 4.25 |
| | Infrastructure | 3.88 | 4.40 | -0.52 |
| | Real Estate | 0.85 | 1.61 | -0.76 |
| | Securitization | 0.27 | 0.61 | -0.34 |

^ FTSE TMX Canada Bond Universe Index

# Characteristics

| As of 31-Mar-16 | Portfolio | Benchmark^ |
|---|---|---|
| **Fundamentals** | | |
| Average effective duration | 7.25yrs | 7.49yrs |
| Average coupon | 3.48% | 3.66% |
| Average quality [1] | AA- | AA |
| Average effective maturity | 9.96yrs | 10.50yrs |
| Yield to worst | 2.26% | 1.95% |
| **Diversification** | | |
| Number of holdings | 121 | 1,382 |
| **Turnover** | | |
| Trailing 1 year turnover [2] | 31% | – |
| **Risk/reward (5 year)** | | |
| Historical tracking error | 0.70% | – |
| Information ratio | 0.20 | – |

^ FTSE TMX Canada Bond Universe Index

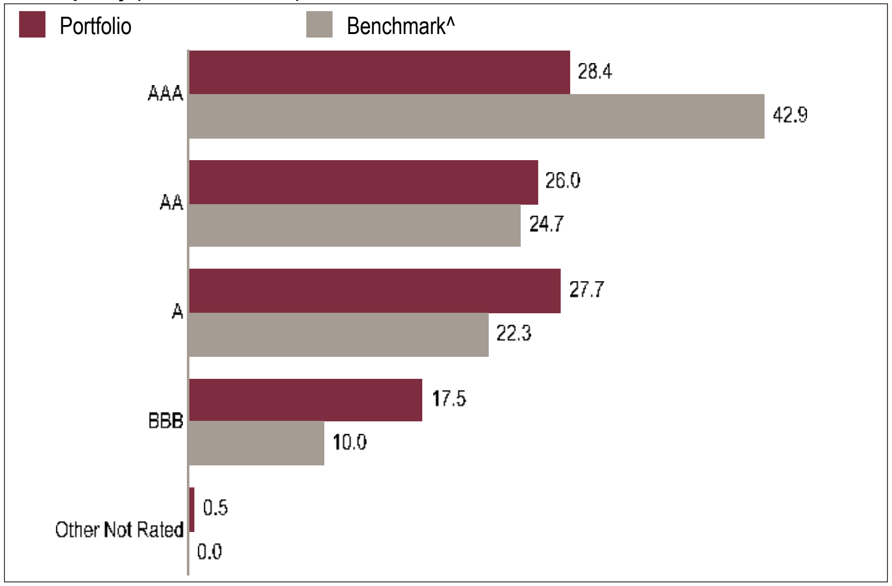
[1] The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

[2] (Lesser of Purchase or Sales)/Average Month End Market Value

**Past performance is no guarantee of future results.**

| Effective term structure as of 31-Mar-16 | Portfolio (%) | Benchmark^ |
|---|---|---|
| Less than 1 Year | 4.6 | 0.0 |
| 1-5 Years | 38.0 | 43.0 |
| 5-10 Years | 26.0 | 24.5 |
| 10+ Years | 31.4 | 32.4 |
| Mid-Term (3-10 Years) | 42.6 | 45.8 |

**Credit quality (% of total assets) as of 31-Mar-16**




The MFS portfolio's quality breakdown is based on MFS' own methodology, which is different from that used by the benchmark provider. MFS has not independently verified the benchmark data.
For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Dominion Bond Rating Service (DBRS), and Standard& Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and DBRS scale (e.g., AAA). All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency MBS, and CMOs of U.S. Agency MBS. Other Not Rated includes fixed income securities which have not been rated by any rating agency, and cash.

# Portfolio outlook and positioning

In the first quarter, global capital markets experienced two distinct phases. Early in the quarter, deflation worries were front and center; this phase was marked by weak growth fears, falling government bond yields globally, widening credit spreads, falling equity and commodity prices, and a surge in the U.S. dollar against all major currencies. Market activity reversed in the second half of Q1 as central banks once again sought to come to the market's rescue with added stimulus or, in the case of the Federal Reserve, promises of an ultra-cautious and gradual tightening cycle. With a classic Pavlovian response to these reflationary actions, a U.S. dollar correction helped trigger a rally in all risky assets and government bond yields rose.

Not surprisingly, the Canadian bond market echoed these global themes. For the first quarter as a whole, the FTSE TMX Canada Universe Bond Index posted a solid 1.4% total return. All major sectors of the market – federals, corporates, and provincials – showed impressive gains, though this performance masked significant volatility over the course of Q1. Early in the quarter, safe-haven Government of Canada yields significantly outperformed spread product as credit spreads widened. In the second half of the quarter, the safe-haven bid subsided and spreads narrowed meaningfully, leading to corporate sector outperformance.

Our core economic views have not changed. We continue to expect moderate non-recessionary global growth with low inflation and ongoing headwinds from excess debt, and are encouraged by nascent signs of a recovery in global manufacturing. Global monetary policy is expected to remain highly stimulative, with a lower path of expected Federal Reserve tightening and non-conventional easing in Japan and Europe evidence of this accommodative global policy stance. However, the limits of monetary policy are close to being reached as the latest move into negative rate territory by the European Central Bank and the Bank of Japan triggered unexpected currency appreciation and pressure on financial stocks. In Canada, the decision by policymakers to favour fiscal pump-priming over interest rate cuts is another sign that the grand post-crisis monetary experiment is nearing an end.

We have not made any material changes to our investment thesis. We continue to believe that valuations in the Canadian fixed income market are expensive, particularly in the 3-5 year part of the yield curve which is pricing in a weaker economic outlook than we expect. As a result, we remain below benchmark duration, though this negative duration gap was narrowed during the quarter. Despite the recovery in credit spreads, we believe the sector remains undervalued given our expectation that we are not entering a global recession. We have become increasingly selective as the cycle has matured given the macro challenges, but continue to believe corporate bonds offer a margin of safety given our focus on issuers with strong cross-cycle fundamentals.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Cash & Cash Equivalents (0.47%) | CASH & CASH EQUIVALENTS | | | 0.47 |
| Communication (1.76%) | BELL CANADA | 4.750 | Sep 29 44 | 0.40 |
| | ROGERS COMMUNICATION | 6.560 | Mar 22 41 | 0.50 |
| | SHAW COMMUNICATIONS INC | 6.750 | Nov 09 39 | 0.32 |
| | THOMSON REUTERS CORP | 4.350 | Sep 30 20 | 0.55 |
| Energy (7.29%) | BP CAPITAL MARKETS PLC | 3.497 | Nov 09 20 | 0.95 |
| | CANADIAN NATURAL RESOURCES LTD | 3.550 | Jun 03 24 | 0.44 |
| | CU INC | 6.145 | Nov 22 17 | 0.44 |
| | CU INC | 3.805 | Sep 10 42 | 0.71 |
| | ENBRIDGE GAS DISTRIBUTION INC | 5.210 | Feb 25 36 | 0.52 |
| | ENBRIDGE INC | 3.940 | Jun 30 23 | 0.76 |
| | ENBRIDGE INC | 4.240 | Aug 27 42 | 0.48 |
| | HUSKY ENERGY INC | 3.550 | Mar 12 25 | 0.49 |
| | PEMBINA PIPELINE CORP | 4.750 | Apr 30 43 | 0.67 |
| | TRANSCANADA PIPELINES LTD | 5.100 | Jan 11 17 | 0.40 |
| | TRANSCANADA PIPELINES LTD | 4.550 | Nov 15 41 | 0.36 |
| | WESTCOAST ENERGY INC | 4.570 | Jul 02 20 | 0.67 |
| | WESTCOAST ENERGY INC | 3.430 | Sep 12 24 | 0.38 |
| Federal (23.69%) | CANADA HOUSING TRUST | 1.700 | Dec 15 17 | 9.00 |
| | CANADA HOUSING TRUST | 1.750 | Jun 15 18 | 2.78 |
| | CANADA HOUSING TRUST | 3.750 | Mar 15 20 | 2.53 |
| | CANADA HOUSING TRUST | 2.400 | Dec 15 22 | 0.94 |
| | CANADIAN GOVERNMENT | 1.500 | Mar 01 17 | 0.78 |
| | CANADIAN GOVERNMENT | 0.250 | Nov 01 17 | 1.35 |
| | CANADIAN GOVERNMENT | 0.750 | Mar 01 21 | 0.97 |
| | CANADIAN GOVERNMENT | 1.500 | Jun 01 26 | 2.72 |
| | CANADIAN GOVERNMENT | 5.750 | Jun 01 29 | 0.87 |
| | CANADIAN GOVERNMENT | 4.000 | Jun 01 41 | 0.45 |
| | CANADIAN GOVERNMENT | 3.500 | Dec 01 45 | 0.24 |
| | CANADIAN GOVERNMENT | 2.750 | Dec 01 48 | 0.68 |

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Federal (continued) (23.69%) | PSP CAPITAL INC. | 3.290 | Apr 04 24 | 0.40 |
| Financial (25.21%) | BANK OF AMERICA CORP | 1.468 | Jun 01 16 | 0.43 |
| | BANK OF MONTREAL | 2.840 | Jun 04 20 | 1.09 |
| | BANK OF MONTREAL | 3.400 | Apr 23 21 | 0.69 |
| | BANK OF MONTREAL | 3.979 | Jul 08 21 | 0.25 |
| | BANK OF NOVA SCOTIA | 2.750 | Aug 13 18 | 0.81 |
| | BANK OF NOVA SCOTIA | 3.270 | Jan 11 21 | 0.50 |
| | BANK OF NOVA SCOTIA | 2.898 | Aug 03 22 | 1.19 |
| | CANADIAN IMPERIAL BANK OF COMMERCE/CANADA | 2.220 | Mar 07 18 | 0.36 |
| | CANADIAN WESTERN BANK | 3.049 | Jan 18 17 | 0.58 |
| | CANADIAN WESTERN BANK | 2.104 | Jun 26 17 | 0.16 |
| | CATERPILLAR FINANCIAL SERVICES LTD | 2.290 | Jun 01 18 | 0.54 |
| | CITIGROUP INC | 3.390 | Nov 18 21 | 0.98 |
| | CITIGROUP INC | 4.090 | Jun 09 25 | 1.00 |
| | DAIMLER CANADA FINANCE INC | 2.270 | Mar 26 18 | 0.17 |
| | FORD CREDIT CANADA LTD | 2.450 | May 07 20 | 0.56 |
| | GE CAPITAL CANADA FUNDING CO | 4.400 | Feb 08 18 | 0.68 |
| | GENERAL MOTORS FINANCIAL OF CANADA LTD | 3.080 | May 22 20 | 0.50 |
| | GOLDMAN SACHS GROUP INC | 5.200 | Apr 19 22 | 1.02 |
| | HONDA CANADA FINANCE INC | 2.350 | Jun 04 18 | 0.24 |
| | JOHN DEERE CANADA FUNDING INC | 2.650 | Jul 16 18 | 0.31 |
| | JPMORGAN CHASE & CO | 1.900 | Feb 22 21 | 0.54 |
| | JPMORGAN CHASE & CO | 3.190 | Mar 05 21 | 0.85 |
| | MANUFACTURERS LIFE INSURANCE CO | 3.181 | Nov 22 27 | 0.60 |
| | MERRILL LYNCH & CO INC | 5.290 | May 30 22 | 0.63 |
| | METROPOLITAN LIFE GLOBAL FUNDING I | 3.027 | Jun 11 20 | 0.94 |
| | MORGAN STANLEY | 4.900 | Feb 23 17 | 0.67 |
| | MORGAN STANLEY | 3.125 | Aug 05 21 | 1.08 |
| | NATIONAL BANK OF CANADA | 2.404 | Oct 28 19 | 0.71 |
| | POWER FINANCIAL CORP | 6.900 | Mar 11 33 | 0.80 |
| | ROYAL BANK OF CANADA | 4.930 | Jul 16 25 | 1.13 |

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Financial (continued) (25.21%) | TMX GROUP LTD | 4.461 | Oct 03 23 | 0.46 |
| | TORONTO DOMINION BANK | 2.447 | Apr 02 19 | 0.65 |
| | TORONTO DOMINION BANK | 2.563 | Jun 24 20 | 0.47 |
| | TORONTO DOMINION BANK | 3.226 | Jul 24 24 | 0.94 |
| | TORONTO DOMINION BANK | 5.763 | Dec 18 06 | 0.65 |
| | TOYOTA CREDIT CANADA | 2.450 | Feb 27 17 | 0.68 |
| | VW CREDIT CANADA INC | 2.500 | Oct 01 19 | 0.31 |
| | WELLS FARGO & COMPANY | 3.874 | May 21 25 | 0.62 |
| | WELLS FARGO CANADA | 3.460 | Jan 24 23 | 0.43 |
| Industrial (6.13%) | ALIMENTATION COUCHE-TARD INC | 3.899 | Nov 01 22 | 0.33 |
| | ALIMENTATION COUCHE-TARD INC | 3.600 | Jun 02 25 | 0.25 |
| | BHP BILLITON FINANCE LTD | 3.230 | May 15 23 | 0.73 |
| | BMW CANADA INC | 2.330 | Sep 26 18 | 0.20 |
| | CAMECO CORP | 5.670 | Sep 02 19 | 0.58 |
| | CAMECO CORP | 4.190 | Jun 24 24 | 0.57 |
| | CANADIAN NATIONAL RAILWAY CO | 3.950 | Sep 22 45 | 0.42 |
| | CANADIAN PACIFIC RAILWAY CO | 6.450 | Nov 17 39 | 0.74 |
| | CANADIAN TIRE CORP | 6.320 | Feb 24 34 | 0.36 |
| | DOLLARAMA INC | 3.095 | Nov 05 18 | 0.52 |
| | LOBLAW CO LTD | 5.220 | Jun 18 20 | 0.52 |
| | LOBLAW CO LTD | 5.900 | Jan 18 36 | 0.45 |
| | SOBEYS INC | 4.700 | Aug 08 23 | 0.46 |
| Infrastructure (3.88%) | 407 INTL INC | 6.470 | Jul 27 29 | 1.04 |
| | FORTISALBERTA | 4.270 | Sep 22 45 | 0.12 |
| | HEATHROW FUNDING LTD | 3.000 | Jun 17 21 | 0.37 |
| | HEATHROW FUNDING LTD | 3.250 | May 21 27 | 0.43 |
| | HYDRO ONE INC | 6.930 | Jun 01 32 | 0.62 |
| | HYDRO ONE INC | 5.000 | Oct 19 46 | 0.40 |
| | NOVA SCOTIA POWER CORP | 3.612 | May 01 45 | 0.50 |
| | TORONTO HYDRO CORP | 2.910 | Apr 10 23 | 0.40 |

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Municipal (2.09%) | CITY OF TORONTO | 3.400 | May 21 24 | 0.69 |
| | CITY OF TORONTO | 2.950 | Apr 28 35 | 0.46 |
| | CITY OF VANCOUVER | 3.050 | Oct 16 24 | 0.44 |
| | REGIONAL MUNI OF YORK | 4.000 | May 31 32 | 0.49 |
| Provincial (28.35%) | BRITISH COLUMBIA PROV OF | 4.700 | Jun 18 37 | 1.36 |
| | MANITOBA (PROVINCE OF) | 4.650 | Mar 05 40 | 0.70 |
| | MANITOBA (PROVINCE OF) | 4.050 | Sep 05 45 | 1.47 |
| | PROVINCE OF ALBERTA | 2.350 | Jun 01 25 | 1.08 |
| | PROVINCE OF ALBERTA | 2.900 | Sep 20 29 | 0.52 |
| | PROVINCE OF ALBERTA | 4.500 | Dec 01 40 | 0.85 |
| | PROVINCE OF NEW BRUNSWICK | 3.650 | Jun 03 24 | 1.98 |
| | PROVINCE OF NOVA SCOTIA | 4.500 | Jun 01 37 | 0.58 |
| | PROVINCE OF ONTARIO | 1.900 | Sep 08 17 | 1.32 |
| | PROVINCE OF ONTARIO | 4.200 | Mar 08 18 | 0.62 |
| | PROVINCE OF ONTARIO | 4.000 | Jun 02 21 | 1.43 |
| | PROVINCE OF ONTARIO | 3.150 | Jun 02 22 | 1.23 |
| | PROVINCE OF ONTARIO | 2.600 | Jun 02 25 | 1.06 |
| | PROVINCE OF ONTARIO | 4.700 | Jun 02 37 | 3.24 |
| | PROVINCE OF ONTARIO | 3.500 | Jun 02 43 | 2.07 |
| | PROVINCE OF ONTARIO | 3.450 | Jun 02 45 | 2.41 |
| | PROVINCE OF QUEBEC | 4.500 | Dec 01 16 | 0.76 |
| | PROVINCE OF QUEBEC | 4.500 | Dec 01 19 | 1.81 |
| | PROVINCE OF QUEBEC | 3.500 | Dec 01 22 | 1.54 |
| | PROVINCE OF QUEBEC | 5.000 | Dec 01 38 | 1.67 |
| | PROVINCE OF SASKATCHEWAN | 4.750 | Jun 01 40 | 0.67 |
| Real Estate (0.85%) | COMINAR REIT | 4.164 | Jun 01 22 | 0.15 |
| | CT REIT | 3.527 | Jun 09 25 | 0.19 |
| | SP & SP1 LIMITED PARTNERSHIP | 3.210 | Jun 15 19 | 0.51 |
| Securitization (0.27%) | GLACIER CREDIT CARD TRUST | 2.568 | Sep 20 19 | 0.27 |

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**To the Unit Holders of the MFS Canadian Fixed Income Fund**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Investment Management Canada Limited ("MFS") complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Canadian Fixed Income Fund. Such certification is subject to the following conditions: (i) MFS' compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

**BY:** ______________________________

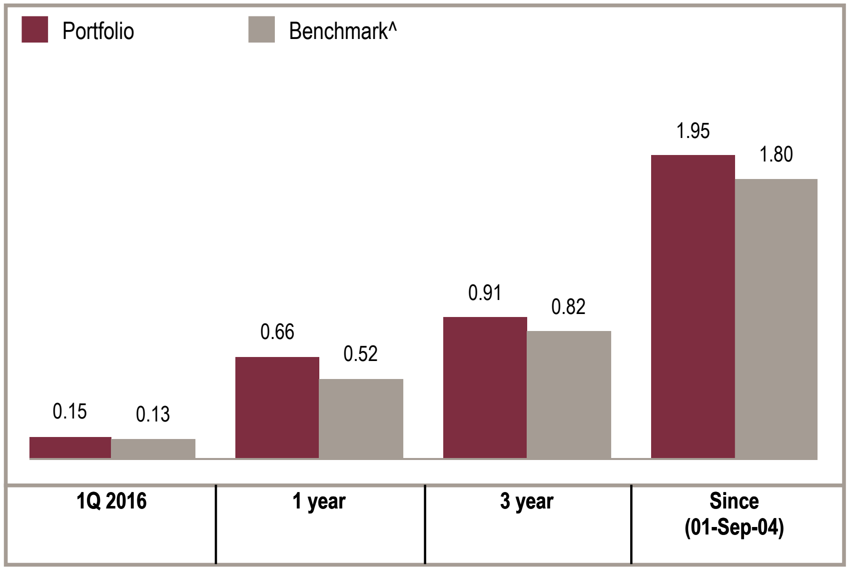
**Christina Forster Pazienza, CPA, CA**
Vice President & Chief Compliance Officer

**Dated:** **April 14, 2016**

# MFS Canadian Money Market Fund

# Executive summary

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**




Source for benchmark performance: SPAR, FactSet Research Systems Inc.
All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ FTSE TMX Canada 91 Day T-Bill

**Asset summary (CAD)**

| | |
|---|---|
| Beginning value as of 31-Dec-15 | 1,720,197 |
| Contributions | +16,744 |
| Withdrawals | -22,150 |
| Intra-portfolio transfers | -313,320 |
| Change in market value | +2,447 |
| Ending value as of 31-Mar-16 | 1,403,918 |

| Key portfolio characteristics as of 31-Mar-16 | Portfolio | Benchmark^^ |
|---|---|---|
| 7-day yield | 0.62% | – |

^^ FTSE TMX Canada 91-day Treasury Bills Index
Figure shown reflects Class A 7-Day Yield.

| Portfolio composition (%) | | |
|---|---|---|
| Federal | 33.19 | 100.00 |
| Provincial | 20.84 | 0.00 |
| Corporate | 46.05 | 0.00 |
| Cash & Cash Equivalents | -0.08 | 0.00 |

# Performance results

**Performance results (%) net of expenses (CAD) as of 31-Mar-16**

| Period | Portfolio (%) | Benchmark^ (%) | Excess return vs benchmark (%) |
|---|---|---|---|
| 1Q 2016 | 0.15 | 0.13 | 0.02 |
| 4Q 2015 | 0.15 | 0.09 | 0.06 |
| 3Q 2015 | 0.17 | 0.15 | 0.02 |
| 2Q 2015 | 0.20 | 0.15 | 0.05 |
| 2015 | 0.75 | 0.63 | 0.12 |
| 2014 | 1.03 | 0.91 | 0.12 |
| 2013 | 1.07 | 1.01 | 0.06 |
| 2012 | 1.11 | 1.01 | 0.10 |
| 2011 | 1.22 | 1.00 | 0.22 |
| 1 year | 0.66 | 0.52 | 0.14 |
| 3 year | 0.91 | 0.82 | 0.09 |
| 5 year | 1.01 | 0.88 | 0.13 |
| 10 year | 1.82 | 1.66 | 0.16 |
| Since client inception (01-Sep-04) | 1.95 | 1.80 | 0.15 |

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualised.
**Past performance is no guarantee of future results.**
^ FTSE TMX Canada 91 Day T-Bill

# Positioning

| As of 31-Mar-16 | | Portfolio (%) | Benchmark^ (%) | Underweight/overweight (%) |
|---|---|---|---|---|
| **Portfolio composition** | Federal | 33.19 | 100.00 | -66.81 |
| | Provincial | 20.84 | 0.00 | 20.84 |
| | Corporate | 46.05 | 0.00 | 46.05 |
| | Cash & Cash Equivalents | -0.08 | 0.00 | -0.08 |
| **Corporate composition** | Energy | 3.97 | 0.00 | 3.97 |
| | Financial | 38.53 | 0.00 | 38.53 |
| | Industrial | 3.55 | 0.00 | 3.55 |

^ FTSE TMX Canada 91-day Treasury Bills Index

# Characteristics

| As of 31-Mar-16 | Portfolio | Benchmark^ |
|---|---|---|
| **Fundamentals** | | |
| Average quality [1] | R-1(H) | R-1(H) |
| Average term to maturity | 55days | – |
| 7-day yield | 0.62% | – |
| **Diversification** | | |
| Number of holdings | 46 | 1 |
| **Risk/reward (3 year)** | | |
| Historical tracking error | 0.06% | – |
| Information ratio | 1.94 | – |

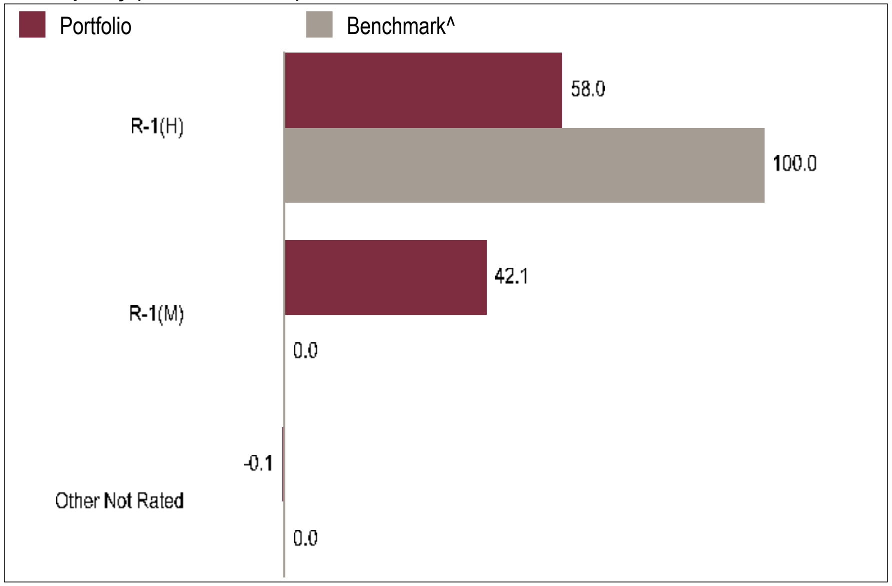
^ FTSE TMX Canada 91-day Treasury Bills Index

[1] The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

**Past performance is no guarantee of future results.**

Figure shown reflects Class A 7-Day Yield.

**Credit quality (% of total assets) as of 31-Mar-16**




The MFS portfolio's quality breakdown is based on MFS' own methodology, which is different from that used by the benchmark provider. MFS has not independently verified the benchmark data.
The Credit Quality table shows the percentage of portfolio assets falling within each rating category. Included in each rating category are short-term debt securities, the ratings of which are based on the short-term credit quality ratings of the securities' issuers. For repurchase agreements, the credit quality is based on the short-term rating of the counterparty with which MFS trades the repurchase agreement. Short term securities utilize the rating assigned to them by the Dominion Bond Rating Service (DBRS). Ratings are subject to change.

# Portfolio outlook and positioning

In the first quarter, global capital markets experienced two distinct phases. Early in the quarter, deflation worries were front and center; this phase was marked by weak growth fears, falling government bond yields globally, widening credit spreads, falling equity and commodity prices, and a surge in the U.S. dollar against all major currencies. Market activity reversed in the second half of Q1 as central banks once again sought to come to the market's rescue with added stimulus or, in the case of the Federal Reserve, promises of an ultra-cautious and gradual tightening cycle. With a classic Pavlovian response to these reflationary actions, a U.S. dollar correction helped trigger a rally in all risky assets and government bond yields rose.

Our core economic views have not changed. We continue to expect moderate non-recessionary global growth with low inflation and ongoing headwinds from excess debt, and are encouraged by nascent signs of a recovery in global manufacturing. Global monetary policy is expected to remain highly stimulative, with a lower path of expected Federal Reserve tightening and non-conventional easing in Japan and Europe evidence of this accommodative global policy stance. However, the limits of monetary policy are close to being reached as the latest move into negative rate territory by the European Central Bank and the Bank of Japan triggered unexpected currency appreciation and pressure on financial stocks. In Canada, the decision by policymakers to favour fiscal pump-priming over interest rate cuts is another sign that the grand post-crisis monetary experiment is nearing an end.

The Bank of Canada maintained its key policy rate at 0.50% during the quarter, but the yield curve steepened somewhat with three month Canada Treasury Bill yields falling 7 basis points and twelve month yields rising 3 basis points. Despite the resilience in Canadian economic activity and modest support from expansionary fiscal policy, we believe the Bank of Canada is unlikely to follow the Fed anytime soon given ongoing domestic growth headwinds and a poor outlook for commodity prices. The yield curve remains flat by historical standards, and therefore we have maintained the portfolio’s term-to-maturity below that of its benchmark and have preserved a significant position in high-quality corporate and provincial holdings to help boost overall yield.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Cash & Cash Equivalents (-0.08%) | CASH & CASH EQUIVALENTS | | | -0.06 |
| | CASH & CASH EQUIVALENTS | | | -0.03 |
| Energy (3.97%) | IMPERIAL OIL LTD | 0.000 | Apr 05 16 | 1.62 |
| | IMPERIAL OIL LTD | 0.000 | Apr 12 16 | 2.34 |
| Federal (33.19%) | CANADIAN GOVERNMENT T BILLS | 0.000 | Apr 21 16 | 10.35 |
| | CANADIAN GOVERNMENT T BILLS | 0.000 | May 05 16 | 11.60 |
| | CANADIAN GOVERNMENT T BILLS | 0.000 | Jun 02 16 | 3.51 |
| | CANADIAN GOVERNMENT T BILLS | 0.000 | Jun 16 16 | 2.83 |
| | CANADIAN GOVERNMENT T BILLS | 0.000 | Jun 30 16 | 4.91 |
| Financial (38.53%) | BANK OF MONTREAL | 0.000 | May 09 16 | 3.55 |
| | BANK OF NOVA SCOTIA | 0.000 | Apr 20 16 | 3.89 |
| | CANADIAN IMPERIAL BANK OF COMMERCE/CANADA | 0.000 | May 18 16 | 1.21 |
| | CANADIAN IMPERIAL BANK OF COMMERCE/CANADA | 0.000 | Oct 18 16 | 2.33 |
| | HONDA CANADA FINANCE INC | 0.000 | May 02 16 | 1.28 |
| | HONDA CANADA FINANCE INC | 0.000 | May 03 16 | 0.72 |
| | HONDA CANADA FINANCE INC | 0.000 | May 19 16 | 1.13 |
| | HONDA CANADA FINANCE INC | 0.000 | May 24 16 | 0.64 |
| | HONDA CANADA FINANCE INC | 0.000 | Jun 01 16 | 0.08 |
| | JPM CHASE BANK TORONTO BRANCH | 0.000 | Apr 05 16 | 1.81 |
| | JPM CHASE BANK TORONTO BRANCH | 0.000 | Apr 25 16 | 1.13 |
| | MANULIFE BANK OF CANADA | 0.000 | May 13 16 | 0.72 |
| | MANULIFE BANK OF CANADA | 0.000 | Jul 25 16 | 1.24 |
| | MANULIFE BANK OF CANADA | 0.000 | Sep 06 16 | 0.38 |
| | MANULIFE BANK OF CANADA | 0.000 | Jan 06 17 | 0.79 |
| | NATIONAL BANK OF CANADA | 0.000 | Apr 28 16 | 2.64 |
| | NATIONAL BANK OF CANADA | 0.000 | May 09 16 | 1.28 |
| | ROYAL BANK OF CANADA | 0.000 | Apr 27 16 | 2.42 |
| | ROYAL BANK OF CANADA | 0.000 | Feb 14 17 | 1.50 |
| | TORONTO DOMINION HOLDINGS INC | 0.000 | Apr 11 16 | 2.04 |
| | TORONTO DOMINION HOLDINGS INC | 0.000 | May 17 16 | 0.87 |

# Portfolio holdings

| As of 31-Mar-16 | Issuer | Coupon | Maturity Date | Equivalent exposure (%) |
|---|---|---|---|---|
| Financial (continued) (38.53%) | TORONTO DOMINION HOLDINGS INC | 0.000 | Jun 02 16 | 0.57 |
| | TOYOTA CRED CANADA TCCI | 0.000 | Jun 20 16 | 2.39 |
| | TOYOTA CRED CANADA TCCI | 0.000 | Jun 28 16 | 0.38 |
| | WELLS FARGO CANADA | 0.000 | May 10 16 | 2.34 |
| | WELLS FARGO CANADA | 0.000 | Feb 10 17 | 1.20 |
| Industrial (3.55%) | NESTLE CAPITAL CANADA LTD | 0.000 | Apr 04 16 | 1.13 |
| | NESTLE CAPITAL CANADA LTD | 0.000 | Apr 05 16 | 2.04 |
| | NESTLE CAPITAL CANADA LTD | 0.000 | Apr 20 16 | 0.38 |
| Provincial (20.84%) | MANITOBA (PROVINCE OF) | 0.000 | Apr 20 16 | 2.27 |
| | MANITOBA (PROVINCE OF) | 0.000 | May 18 16 | 1.77 |
| | PROVINCE OF ALBERTA | 0.000 | May 31 16 | 2.45 |
| | PROVINCE OF ONTARIO | 0.000 | Jun 01 16 | 3.40 |
| | PROVINCE OF ONTARIO | 0.000 | Jun 08 16 | 0.94 |
| | PROVINCE OF ONTARIO | 0.000 | Jun 15 16 | 1.92 |
| | PROVINCE OF ONTARIO | 0.000 | Jun 22 16 | 1.32 |
| | PROVINCE OF QUEBEC TBILLS | 0.000 | May 20 16 | 3.36 |
| | PROVINCE OF QUEBEC TBILLS | 0.000 | Jun 03 16 | 1.51 |
| | PROVINCE OF QUEBEC TBILLS | 0.000 | Jun 10 16 | 1.89 |

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**To the Unit Holders of the MFS Canadian Money Market Fund**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Investment Management Canada Limited ("MFS") complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Canadian Money Market Fund. Such certification is subject to the following conditions: (i) MFS' compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

**BY:** Christina Forster Pazienza

**Christina Forster Pazienza, CPA, CA**
Vice President & Chief Compliance Officer

**Dated: April 14, 2016**

# Your MFS relationship team

**Darren T. Patrick, CFA**

**Director - Relationship Management**

Phone: +1 604 661 4648

Email: dpatrick@mfs.com

**Chris Jane Chua, CFA**

**Client Service Manager**

Phone: +1 647 253 9005

Email: cchua@mfs.com

**MFS Investment Management Canada Limited**
**77 King Street West, 35th Floor**
**Toronto, ON M5K 1B7**
**Canada**
**Tel:+1 416-862-9800**

**MFS Gestion de Placements Canada Limitée**
**1250 Boul. René-Lévesque Ouest, Bureau 3010**
**Montréal, QC**
**Canada H3B 4W8**
**Tel:+1 514-933-0033**

**MFS Investment Management Canada Limited**
**1021 West Hastings Street, 9th Floor**
**Vancouver, BC**
**Canada V6E 0C3**
**Tel:+1 604-623-3430**

BOSTON I HONG KONG I LONDON I MEXICO CITY I SÃO PAULO I SINGAPORE I SYDNEY I TOKYO I TORONTO

# Global capabilities
# MFS investment strategies

| | Global Equity | Regional Equity | | | International Equity | Specialty/Multi-Asset |
|---|---|---|---|---|---|---|
| **Fundamental Equity** | • Global[1]/ Global Concentrated[1]<br>• Global Research<br>• Global Value[2]<br>• Global Growth<br>• Global Small Cap[3] | **US**<br>• Core<br>• Research<br>• Value[2]<br>• Growth/Growth Concentrated<br>• Large Cap Growth/ Large Cap Growth Concentrated<br>• Mid Cap Growth<br>• Mid Cap Value<br>• Small Cap Growth | **Canadian**<br>• Core<br>• Value<br>• Growth<br>• Dividend Income<br>**Emerging Markets**<br>• Emerging Markets<br>• Latin American | **European**<br>• European Research[2]<br>• European Value[1]<br>• European Small Cap[2]<br>• UK<br>• European ex UK<br>**Asia/Pacific**<br>• Asia Pacific ex Japan<br>• Asia ex Japan<br>• Japan<br>• Japan Concentrated | • International/International Concentrated<br>• International Research<br>• International Value[1]<br>• International Growth<br>• International Small Cap[2]<br>• International Diversification[3] | **Equities**<br>• Global Real Estate<br>• Utilities<br>**Balanced**<br>• Canadian Value<br>• Canadian Core<br>• Canadian Growth<br>• Global Total Return<br>• US Total Return |
| | **Global Equity** | **Regional Equity** | | | **International Equity** | |
| **Quantitative Solutions** | • Blended Research Global<br>• Blended Research – AC Global Extension<br>• Blended Research Global High Dividend Equity<br>• Global Low Volatility | • Blended Research Emerging Markets<br>• Blended Research US Equity<br>- US Core<br>- US Core (ESG)<br>- US Value<br>- US Growth<br>• Blended Research US Small Cap | • Blended Research – Focused US Core<br>• Blended Research – US Core Extension<br>• US Low Volatility<br>• US Equity Income | | • Blended Research International | **Target Date**<br>• US Target Date[3]<br>• Canadian Target Date[3]<br>**Target Risk**<br>• US Target Risk[3]<br>• Canadian Target Risk[3] |
| | **Government/Municipal** | **Core/Aggregate** | | **Corporate** | **Emerging Markets** | |
| **Fixed Income** | **Global**<br>• Sovereign<br>**US**<br>• Government/TIPS<br>• Mortgage-Backed Securities<br>• Municipal/High Yield/Limited Duration | **Global**<br>• Aggregate Core<br>• Aggregate Core Plus<br>• Aggregate Opportunistic<br>**US**<br>• Limited Maturity<br>• Core<br>• Core Plus Research | **Canadian**<br>• Universe<br>• Core Plus<br>• Long Term<br>• Short Term<br>• Money Market | **Global**<br>• Investment-Grade Credit<br>• Credit<br>• High Yield<br>**US**<br>• Investment-Grade Credit<br>• Credit<br>• Corporate BB<br>• Core High Yield | • Emerging Markets Debt<br>• Emerging Markets Local Currency Debt | **Income**<br>• Diversified Income |

[1] Closed. [2] Soft closed. [3] Limited vehicle availability.