



**Global Equity Growth Fund (MFS)**  
**Manulife Global Equity Growth Fund (MFS)**  
**MFS Investment Management Canada Limited**

**December 31, 2016**

**Lead manager(s):** David Antoneli, Jeffrey Constantino      **Investment style:** GARP

**Investment objective:** The Fund seeks long-term capital appreciation by investing principally in stocks of companies worldwide that have higher sustainable earnings growth and returns than their industry, improving fundamentals, and stock valuations that do not fully reflect their long-term growth prospects.

**Last meeting date:** Q4 2016      **Next estimated meeting date:** Q4 2017

**Current Rating:** **IN GOOD STANDING**

**Annual fund performance (%)**

	2012	2013	2014	2015	2016	5 yrs
<b>Global Equity Growth Fund (MFS)</b>	16.80	30.51	14.60	18.88	2.47	16.35
MSCI All Country World Growth Index (Net, CAD\$)	12.30	31.45	14.92	21.79	-0.29	15.56
Value added (+) / lost (-)	4.50	-0.94	-0.32	-2.91	2.76	0.79
Quartile ranking <sup>(1)</sup>	2nd	4th	2nd	3rd	3rd	3rd

**Short-term performance analysis**

- In 2016, the Fund outperformed its benchmark but ranks in the third quartile within the Global Equity peer group..
- Security selection was the main driver of added value, particularly within the Health Care and Industrials sectors.
- Sector allocation produced a minor negative result primarily due to an underweight position in the outperforming Energy and Industrials sectors.
- The portfolio maintains significantly overweight allocations to the Consumer Staples and Special Products & Services sectors. The largest underweight exposure is to the Information Technology sector with underweight positions primarily in the Utilities & Communication and Energy sectors. Geographically, the Manager remains overweight to the U.K. and North America and underweight to Japan and the Asia Pacific region.
- Based on the MSCI World style indices, value stocks outperformed on average. Given the Fund's growth investment bias, its style had a negative impact on short term performance.

**Long-term performance analysis**

- The Fund outperformed its benchmark in only two of the past five years but added value on a five-year annualized basis. This long term performance ranks it in the third quartile within the Global Equity peer group.
- Security selection was positive more often than not and was the main driver of added value on a five-year annualized basis.
- Sector allocation produced mixed results over the long term.
- Based on the MSCI World style indices, value and growth stocks performed in line with one another over the last five years. Given the Fund's growth investment bias, its style had no impact on long term performance.

## Significant corporate events

### Corporate

- There were a series of significant corporate events in 2015:

Effective January 1, 2015, the following senior management changes took place:

Mike Roberge, president and chief investment officer was promoted to co-chief executive officer (co-CEO);

Rob Manning, would work alongside Mike as chairman and co-chief executive officer (co-CEO);

Kevin Beatty, director of Equity, North America, was promoted to chief investment officer, Global Equity, a newly created role geared to assist in Mike Roberge's transition to Co-CEO;

Bill Adams, MFS director of Fixed Income, was promoted to chief investment officer, Global Fixed Income, a newly created role geared to assist in Mike Roberge's transition to Co-CEO.

On April 9, 2015, MFS announced that Tim Fagan, MFS' CCO, would resign at the end of May 2015.

On June 1, 2015, Brent Farmer, Vice President, Director of Corporate Risk and Compliance was appointed the interim CCO for MFS. Brent held this role until July 13, 2015, when Marty Wolin was appointed Senior Vice President and Chief Compliance Officer.

On July 15, 2015, the MFS Funds Board appointed Marty as the MFS Funds Chief Compliance Officer.

### Fund specific

- There were no significant fund specific events over the last three years.

## IMS commentary

- The investment team's philosophy is based on identifying investments that offer above-average earnings growth potential at attractive valuations. The primary goal is to purchase the stocks of companies that have above-average, sustainable earnings growth and that offer free cash flow or will ultimately do so according to their business plan. The portfolio managers attempt to identify the stocks of companies that can grow faster than their peers over the long term and/or can exhibit accelerating earnings and the opportunity for multiple expansion.
- Based on our due diligence, we are confident that the Manager has remained within the stated investment philosophy and style.
- The Fund added value over the five-year period and ranks slightly below median within the Global Equity peer group. Long term outperformance can be attributed to positive stock selection, the Manager's stated primary source of added value

### Conclusion:

- Due to the fact that 1) the Manager has remained within its stated investment philosophy and style, 2) the Fund has added value over the long term and positive stock selection is the primary source of added value, IMS continues to rate this Fund In Good Standing.

<sup>(1)</sup> Quartile rankings are based on the underlying fund's returns.

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