

Q4 December 31, 2000

Please see the back pocket of this booklet for important performance information

MORNINGSTAR CATEGORY

Foreign Stock

The Morningstar category identifies series based on their underlying portfolio holdings. Classifications are based on portfolio statistics and compositions over the past three years. For series less than three years old, category classifications are based on life of series.



OBJECTIVE

Seeks capital appreciation.

PORTFOLIO FACTS

Series Commencement

May 5, 1998

MFS/Sun Life Series Trust assets

\$83.0 million

Number of holdings

97

Portfolio structure

Stocks	99.0%
Bonds	0.0%
Cash	1.0%

Five largest stock sectors

Financial Services	23.4%
Health Care	14.7%
Utilities & Communications	14.3%
Industrial Goods & Svcs	8.9%
Energy	8.7%

Top ten stock holdings

HSBC HLDGS	4.9%
VODAFONE GROUP PLC	4.7%
ING GROEP	4.1%
NOVARTIS	3.3%
ROYAL DUTCH PETROL	3.1%
FAST RETAILING	2.5%
CHUGAI PHARM	2.5%
SYNTHES STRATEG	2.4%
BP AMOCO	2.2%
TOTAL FINA ELF SA	2.0%

MANAGEMENT

Investment policies and considerations

The series seeks to achieve its objective by investing, under normal market conditions, at least 65% of its total assets in foreign and emerging market equity securities, which may include securities of more-established companies with opportunities for long-term growth. The series does not intend to emphasize any particular country and, under normal market conditions, will be invested in at least five countries. The series may invest up to 100% of its total assets in foreign securities, including up to 25% in emerging market securities. The series may engage in securities lending up to 30% of assets. Investments in foreign and emerging market securities may be unfavorably affected by interest-rate and currency-exchange-rate changes, as well as market, economic, and political conditions of the countries where investments are made. There may be greater returns but also greater risk than with U.S. investments. The portfolio's geographic concentration makes it more volatile than a portfolio that is more geographically diversified. These risks may increase unit price volatility. Please see the prospectus for details. The series' investment strategy is subject to change, and future performance cannot be guaranteed.

Portfolio manager(s)

A committee of MFS analysts has managed the series since 1998. Each analyst offers his or her 'best ideas' for inclusion in the portfolio, with the whole committee working together to create the portfolio. David A. Antonelli, Senior Vice President and Director of International Equity Research, monitors overall procedures.

Key points

- bottom-up stock picking worldwide
- innovative approach to management, using the best international stock ideas of the entire MFS Research Department

A RICH HISTORY

About MFS Investment Management[®] (MFS[®])

- America's oldest mutual fund organization
- More than \$147 billion in assets
- Introduced the first combination variable and fixed annuity with no initial sales charge in 1979
- Over five and a half million investor accounts worldwide
- Offices in Boston, London, Singapore, Sydney, and Tokyo

About Sun Life of Canada (U.S.)

- Sun Life of Canada (U.S.) has consistently received high ratings from all the major rating agencies. Ratings apply to the fixed accounts only.
- Over \$22.5 billion in annuity assets as of September 30, 2000

MFS Regatta[®] Annuities are combination variable/fixed annuities. Annuities are long-term, tax-deferred investments intended for retirement planning.

Withdrawals of earnings or other taxable amounts are subject to income tax and, if made prior to age 59 1/2, may be subject to an additional 10% federal tax penalty. Early withdrawals reduce the death benefit.

MFS Regatta[®] Annuities are available only from investment professionals licensed and appointed with Sun Life Assurance Company of Canada (U.S.), which issues the contract. **A prospectus containing more complete information, including charges and expenses, for any of the MFS products can be obtained from your investment professional. Read it carefully before you invest or send money.**

No representation is made, and no assurance can be given, that any investment's results will be comparable to the investment results of any other product with similar investment objectives and policies, including products with the same investment professional or manager. Differences in portfolio size, investments held, contract and fund expenses, and other factors can be expected to affect performance.

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The portfolio is actively managed, and current holdings may be different.

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MANAGEMENT PERSPECTIVE

- Q** You've often emphasized that you and MFS' analysts spend most of your time evaluating companies rather than countries or their currencies. Why is that?
- A** At MFS, we take a bottom-up fundamental approach to international investing. It's the foundation of MFS Original Research®. In other words, we evaluate investment opportunities on a company-by-company basis. If a company is exhibiting good fundamentals and strong growth, we'll spend more time digging deeper in order to fully understand a company's growth prospects and the strength of the management team. We believe one of the key elements to successful investing is meeting and evaluating corporate management. Because MFS has analysts around the world, we're able to often meet with a company's management. In the long run, we believe it's a company's fundamental business prospects and earnings that drive its stock price, not regional economic and currency factors.
- Q** What other factors do you think differentiate this portfolio from other international portfolios?
- A** It's what I like to call the "three Ds" – diversification, deep bench, and depth of resources. In a difficult market environment like we've seen this year, diversification can be one of the few ways to limit your downside risks. Our analysts' bottom-up approach to stock picking results in a portfolio that is broadly diversified by market capitalization, country, and sector. Our deep bench and depth of resources refer to our extremely talented and hard-working team of equity analysts that contribute only their best investment ideas to the portfolio. In addition, we're able to cover a wide range of companies in a variety of different sectors, industries, and countries.
- Q** Where have MFS' analysts found their best ideas for the portfolio?
- A** This sort of gets back to the diversification theme, because the portfolio currently has significant exposure across a broad range of sectors including, financial services, utilities, health care, technology, retailing, and industrial goods and services. Within these sectors, we've focused on insurance companies such as ING and regional banks such as HSBC Holdings. Other large holdings include wireless telecommunications provider Vodafone, Japanese retailer Fast Retailing, energy and gas companies such as Royal Dutch Petroleum and BP Amoco, and pharmaceutical companies such as Novartis and Chugai Pharmaceutical. In each case, we felt that these companies offer dominant franchises, strong growth outlooks, and earnings reliability, which is especially important in a volatile and weak market environment.
- Q** Despite the weakness in Japan's equity market, you've maintained fairly significant exposure to Japanese stocks. Why is that?
- A** At approximately 24% of the portfolio's total assets, we've maintained a slight underweighting versus the Morgan Stanley Capital International (MCSI) EAFE (Europe, Australasia, Far East) Index, an unmanaged, market-capitalization-weighted total return index which is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. However, this question relates back to our bottom-up fundamental approach to stock picking. As a result, if we find a company that we think is growing quickly, has a promising business outlook, has a strong management team, or appears undervalued, we'll invest in the company regardless of where it's headquartered. While we think the economic recovery in Japan appears uncertain, many of our holdings there have provided some of the best performance for the portfolio; we believe this is due to our Original ResearchSM and bottom-up investment approach.
- Q** Why should investors consider international equities?
- A** Investors need to remember that international investing can involve greater risk than domestic investing, including political and exchange rate risks. Therefore, investors should consult with their investment professional before making any decisions. However, we believe if you don't invest internationally, you risk not having exposure to some of the great businesses outside our borders. For example, if you invested only in the United States for the last three to five years, you missed much of the tremendous growth in cellular telecommunications, which is much more advanced in Europe than it is here.



DAVID A. ANTONELLI

David A. Antonelli is Senior Vice President and Director of International Equity Research of MFS Investment Management® (MFS®). He is responsible for the hiring, training, and industry assignments of our team of international equity research analysts and coordinates coverage of global industries with the U.S. director of research.

In his director role, David also oversees the process of portfolio management of the international research and emerging market portfolios of our mutual funds, variable annuities, institutional accounts, and offshore funds. These portfolios are managed by the team of MFS international analysts. He also manages our international small-cap portfolios and the international portions of our global growth portfolios.

David joined MFS in 1991 as a research analyst following foreign stocks, with a concentration in continental Europe. He was named Vice President in 1995, portfolio manager in 1997, and Senior Vice President and Director of International Equity Research in 1999.

David is a graduate of Pennsylvania State University and the Wharton School of Finance and Commerce of the University of Pennsylvania.

All equity portfolio managers began their careers at MFS as research analysts. Our portfolio managers are supported by an investment staff of over 160 professionals utilizing MFS Original Research®, a global, company-oriented, bottom-up process of selecting securities.

The opinions expressed in this interview are those of MFS, and no forecasts can be guaranteed.