MFS REGATTA® ANNUITIES

securing your future℠

Bond Series

MFS® ORIGINAL RESEARCH MAKES A DIFFERENCE®

Professionally managed portfolio of high grade bonds

Q4 December 31, 2000

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

MORNINGSTAR CATEGORY

Intermediate-Term Bond

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 as high a level of current income as is believed to be consistent with prudent investment risk. As a secondary objective, the series strives to protect investors' capital.

PORTFOLIO FACTS

Series Commencement

May 5, 1998

MFS/Sun Life Series Trust assets

$75.8 million

Portfolio structure

High Grade Corporates	38.6%
US Treasuries	25.1%
Mortgage Backed	12.2%
Cash	7.5%
High Yield Corporates	5.3%
Govt Agency	4.7%
Emerging Markets	3.9%
Asset Backed	2.9%

Quality

Govts	41.9%
AAA	3.2%
AA	5.3%
A	12.2%
BBB	22.3%
BB	5.5%
B	1.7%
CCC	0.3%
Other	7.5%

Avg. life/option adjusted duration

11.9 years/5.5 years

MANAGEMENT

Investment policies and considerations

The series invests at least 65% of its assets in investment-grade bonds, including U.S. government securities and high-grade corporate debt. 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 may invest in derivative securities which may include futures and options. These types of hedging instruments can increase price fluctuation. Investments in lower-rated securities may provide greater returns but may have greater-than-average risk. The portfolio may invest in mortgage-backed securities, which are subject to prepayments as homeowners pay their mortgages early by refinancing them at lower rates. Therefore, the value of securities may not increase as much as that of other fixed-income securities during periods of falling rates. 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)

Geoffrey L. Kurinsky is a Senior Vice President of MFS. He has been with the company since 1987 and has managed the series since 1998. William J. Adams, Vice President and associate portfolio manager has also managed the fund since July 2000. He joined MFS in 1997.

Key points

- attractive return potential from a high quality portfolio
- flexible portfolio adding value through original research

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

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

Portfolio structure percentages reflect sensitivity to asset class price changes. Negative exposures have been offset against the expected settlement position.

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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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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

MANAGEMENT PERSPECTIVE

Q How do you choose from the many types of bonds available to you?

A We use MFS Original Research®, a bottom-up process that allows us to draw from the best ideas of our fixed-income analysts in the corporate, Treasury, municipal, foreign, and high-yield markets. I incorporate the expertise, analysis, and recommendations of our various analysts to assemble a well-diversified portfolio.

Q Where have some of the best ideas come from recently?

A We've found some very good values in the mortgage market, which we believe offer several distinct advantages right now. First, the mortgage securities we emphasize – those issued by the Federal National Mortgage Association and the Government National Mortgage Association – are indirectly backed by the U.S. government. As such, they are very high-quality investments. Second, mortgage securities currently carry an attractive yield advantage over Treasury securities with comparable maturities. (Principal value and interest on Treasury securities are guaranteed by the U.S. government if held to maturity.) Third, mortgage securities, unlike corporate bonds, don't carry any credit risk. Given that the economy is slowing, credit fundamentals for many companies have begun to deteriorate, causing their bonds' prices to decline in response. It's true that mortgage securities are susceptible to interest rate movements, a sensitivity that's known as interest rate risk. Even though we believe that interest rates are poised to decline, we don't think they'll fall far enough to prompt a significant enough increase in prepayment activity to hurt mortgage securities.

Q How is the portfolio positioned within the corporate bond sector?

A Given the ongoing challenges the corporate bond sector faces, including the stock market's decline and a slowing economy, we've significantly reduced our holdings there. In addition, we've become more defensive, favoring high-quality companies, particularly those in the energy and utility sectors. Both could continue to benefit from their reputation as being "defensive" when economic conditions are slowing. Furthermore, we believe that energy and utility holdings have more upside potential, given high oil and natural gas prices.

Q How have you positioned the portfolio to benefit from the U.S. Treasury's buyback of its debt?

A We've focused most of our U.S. Treasury investments in bonds with intermediate- and long-term maturities, which has been the focus of the government's buyback efforts. The Treasury Department indicated that it expected to pay down $23 billion in marketable debt during the fourth quarter of 2000, which is about $13 billion more than it originally had projected. Furthermore, it plans to buy back approximately $9 billion more in the first quarter of calendar quarter 2001. We think those buybacks, combined with reduced and less frequent auctions of new debt and expected interest rate declines, could bode well for the continued strong performance of intermediate- and long-term Treasury securities.

Q What's your outlook?

A Each day we see mounting evidence that the economy is slowing down and at a rate much faster than many observers had expected. That said, we don't believe slowing growth will push the economy into a recession. In our view, stable, albeit slower, economic growth, coupled with falling interest rates, will provide a more favorable backdrop for high-quality corporate, Treasury, and mortgage securities.

GEOFFREY L. KURINSKY

Geoffrey L. Kurinsky is Senior Vice President of MFS Investment Management® (MFS®). He manages the investment-grade bond portfolios of our mutual funds and variable annuities.

Geoff joined the MFS Fixed Income Department in 1987 and was named portfolio manager in 1989, Vice President in 1989, and Senior Vice President in 1993.

He is a graduate of the University of Massachusetts and earned an M.B.A. degree in finance from Boston University.

All portfolio managers at MFS are supported by an investment staff of over 160 professionals utilizing MFS Original Research®, a global, issuer-oriented, bottom-up process of selecting securities.

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