

The MFS® Investment Process

Benefiting investors since 1924

OUR GUIDING PRINCIPLES

Actively aligned with investors needs

- Continuity
- Collective expertise
- Active risk management

In sync on a long term philosophy,
clear on expectations, focused on
investor outcomes.



“When MFS investment professionals
come to work each day, their number
one goal is to protect the financial
advisor’s reputation.”

Michael Roberge,
Chief Executive Officer

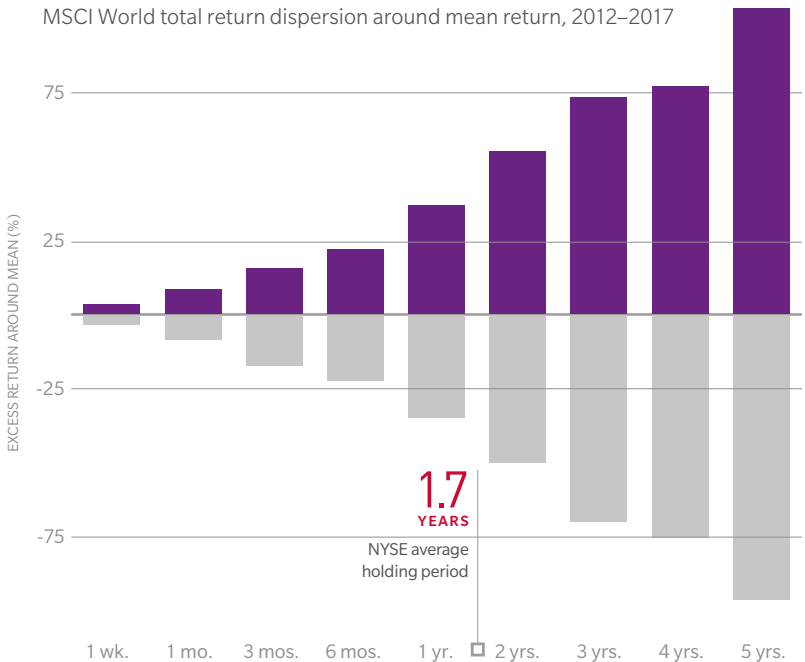


Continuity: Time is an asset

At MFS, we believe that thinking and investing with a long-term perspective is the best way to deliver the risk-adjusted returns investors need.

- We are not traders, we are long-term investors.
- We arbitrage the short-termism of the markets to seek better return streams for investors.
- We carefully develop each generation of investment talent to keep our process repeatable and reliable for investors.

Staying true to long-term convictions



INVESTOR BENEFIT: By holding stocks longer, we take advantage of greater return dispersion and the potential to improve risk adjusted returns for investors.

MSCI World holdings as of 31 December 2012. Forward total returns around the mean in USD from 1 January 2013 to 31 December 2017; 10th and 90th percentile range.

Past performance is not indicative of future results.

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Collective expertise: Insight to advantage

- Portfolio managers, equity and fixed income analysts, quantitative analysts, traders, our chief investment strategist and our economist all have a seat at research meetings.
- Investment professionals with different disciplines and varied perspectives reach better decisions for investors through active discussion.
- We believe we gain an analysis advantage by developing a full view of the entire capital structure of a company.
- Our unique compensation structure fosters collaboration and focuses on long-term discipline, which aligns with investor goals.

INVESTOR BENEFIT: Bringing diverse views together through our global research platform and culture of collaboration drives broader opportunities and decisions aligned with investor needs.

MFS compensation structure

- Base salary
- 3-, 5- & 10-year rolling performance
- 360° peer review

9 worldwide research offices



“Humility, mutual respect and collaboration drive our investment success.”

Rob Manning,
Chairman



STRATEGIST &
ECONOMIST

PORTFOLIO
MANAGERS
& ANALYSTS
— ASIA

TRADERS

EQUITY
ANALYSTS

PORTFOLIO
MANAGERS

PORTFOLIO
MANAGERS
& ANALYSTS
— EUROPE

FIXED INCOME
ANALYSTS

Risk management: Seeing all angles

Risk management is embedded in — and an integral part of — our investment process. Our goal is to deliver the greatest possible return for our clients within the risk guidelines of each portfolio. Every member of the investment team is responsible for assessing risk, and we work to ensure that the biggest differentiator of each portfolio's returns will be security selection, which we believe is our greatest strength.

INVESTOR BENEFIT: Through our risk aware culture, we work to manage the downside as well as capture the upside, because both are equally important to our potential to outperform for investors.

A rigorous and continuous risk review process



DAILY

Portfolio risk metrics are generated and made available to the entire investment team.



MONTHLY

Investment Management Committee convenes to discuss portfolio- and firm-level risks to ensure that they are understood and appropriate.



SEMIANNUALLY

Chief investment risk officer and chief investment officers formally meet with each portfolio management team to provide a comprehensive risk assessment of their strategy.



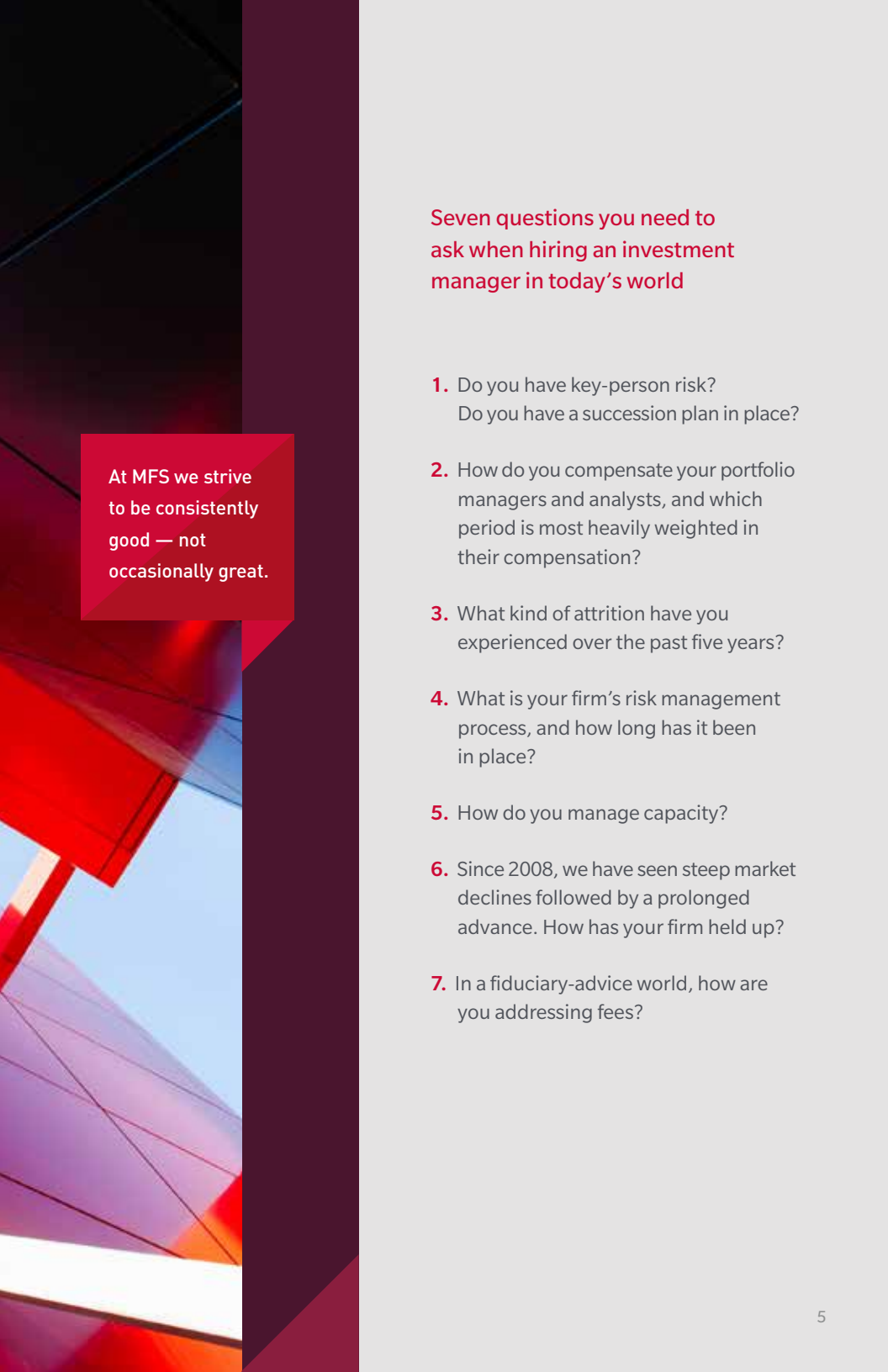
COMPLIANCE

Compliance teams independently monitor portfolios and trades to help identify, and escalate when necessary, any exceptions to client, regulatory or MFS internal limits.



“We view capacity management as a very important risk control. We close funds to preserve returns for investors.”

Joe Flaherty,
Chief Investment Risk Officer



At MFS we strive
to be consistently
good — not
occasionally great.

Seven questions you need to ask when hiring an investment manager in today's world

- 1.** Do you have key-person risk?
Do you have a succession plan in place?
- 2.** How do you compensate your portfolio managers and analysts, and which period is most heavily weighted in their compensation?
- 3.** What kind of attrition have you experienced over the past five years?
- 4.** What is your firm's risk management process, and how long has it been in place?
- 5.** How do you manage capacity?
- 6.** Since 2008, we have seen steep market declines followed by a prolonged advance. How has your firm held up?
- 7.** In a fiduciary-advice world, how are you addressing fees?



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