

# MFS® Canadian Equity (CAD)

## Goal

Outperform the S&P/TSX Capped Composite and relevant peer group over full market cycles.

## Investment team

### Portfolio Manager

Dimitra Ntantoulis

- 17 years with MFS
- 26 years in industry

### Institutional Portfolio Manager

James Keating, CFA

- 17 years with MFS
- 32 years in industry

## Assets under management (CAD)

MFS Investment Management® 785.5 billion

MFS® Canadian Equity Composite 2.6 billion

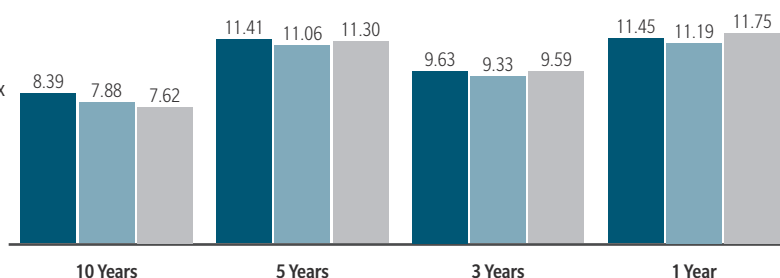
## Philosophy

- Apply a valuation discipline
- Assess investment opportunities with a 3+ year time horizon

## Performance (%) total return

- MFS (gross of fees)
- MFS (net of fees)
- S&P/TSX Capped Composite Index

For periods of less than one-year returns are not annualized.



	10 Years	5 Years	3 Years	1 Year
Gross vs. S&P/TSX Capped Composite Index	0.77	0.11	0.04	-0.30
Net vs. S&P/TSX Capped Composite Index	0.26	-0.24	-0.26	-0.56

## Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MFS (gross of fees)	14.45	-3.63	15.37	9.41	-6.36	21.63	7.09	22.96	-3.85	11.45
MFS (net of fees)	13.64	-4.33	14.54	8.85	-6.73	21.15	6.71	22.60	-4.14	11.19
S&P/TSX Capped Composite Index	10.55	-8.32	21.08	9.10	-8.89	22.88	5.60	25.09	-5.84	11.75

## MIFID II performance standard – 12-month rates of total return (%) as of the period ended

	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
MFS (gross of fees)	21.63	7.09	22.96	-3.85	11.45
MFS (net of fees)	21.15	6.71	22.60	-4.14	11.19
S&P/TSX Capped Composite Index	22.88	5.60	25.09	-5.84	11.75

**Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.** Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

See the GIPS Composite Report at the end of this presentation for performance methodology and other information.

The Markets in Financial Instruments Directive (MIFID) is the EU legislation that regulates firms who provide services to clients linked to financial instruments.

Source: Benchmark performance from SPAR, FactSet Research Systems Inc.

It is not possible to invest directly in an index. Index performance will differ from our actively managed strategies, which may involve a higher degree of risk.

Total gross of fee returns include both capital appreciation and reinvestment of income but exclude custody fees.

## CHARACTERISTICS

	MFS	S&P/TSX Capped Composite Index
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	10.4%	9.8%
Price/earnings (12 months forward ex-negative earnings)	15.6x	13.9x
Return on equity (3-year average)	14.8%	12.8%
Return on invested capital	9.0%	7.8%
Long term debt/capital	35.2%	34.9%
<b>Market capitalization</b>		
Market capitalization (CAD) <sup>2</sup>	29.5 bn	4.2 bn
Market capitalization (CAD) <sup>3</sup>	74.1 bn	65.4 bn
<b>Diversification</b>		
Number of Issues	52	225
<b>Turnover</b>		
Trailing 1 year turnover <sup>4</sup>	14%	—
<b>Risk/reward (10 year)</b>		
Upside capture	95.83%/94.32%	—
Downside capture	87.97%/89.29%	—
Sharpe ratio	0.59/0.55	0.50
Standard deviation	12.01%/12.01%	12.68%
Beta	0.93/0.93	—
Historical tracking error	2.76%/2.75%	—

## TOP 10 HOLDINGS (%)

Security	Sector	MFS	S&P/TSX Capped Composite Index
ROYAL BANK OF CANADA	Financials	8.0	6.3
TORONTO-DOMINION BANK/ THE	Financials	6.9	5.2
BANK OF MONTREAL	Financials	4.4	3.2
CANADIAN NATURAL RESOURCES LTD	Energy	4.3	3.1
CANADIAN PACIFIC KANSAS CITY LTD	Industrials	4.3	3.3
SHOPIFY INC	Information Technology	4.2	4.1
ENBRIDGE INC (EQ)	Energy	4.1	3.4
CANADIAN NATIONAL RAILWAY CO	Industrials	3.5	3.2
CONSTELLATION SOFTWARE INC/CANADA	Information Technology	3.3	2.2
BROOKFIELD CORP	Financials	3.3	2.5

SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%)<sup>†,‡</sup>

	S&P/TSX Capped Composite Index
Industrials	6.3
Consumer Discretionary	3.8
Information Technology	1.7
Equity Warrants	0.0
Real Estate	-0.1
Health Care	-0.3
Consumer Staples	-0.6
Communication Services	-1.2
Utilities	-2.0
Materials	-2.2
Financials	-2.4
Energy	-3.9

<sup>1</sup> Source: FactSet<sup>2</sup> Median.<sup>3</sup> Weighted average.<sup>4</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value<sup>†</sup> 0.9% Cash & Cash Equivalents.<sup>‡</sup> -0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

The information presented is based on an account determined to be representative of the composite's strategy. The representative account's performance is available upon request.

Any mention of specific companies, securities and/or sectors are for information purposes only and should not be construed as investment advice or a recommendation of any nature.

## Important risk considerations

Because the portfolio may invest a substantial amount of its assets in issuers located in a single country or in a limited number of countries, it may be more volatile than a portfolio that is more geographically diversified. ■ Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions.

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The GIPS Composite Report is attached to provide additional information about the strategy, composite, and performance methodology. The funds or other investment vehicles mentioned should not be construed as an offer or solicitation.

**Composite:** MFS Canadian Equity Composite

**Benchmark:** S&P/TSX Capped Composite

**Creation Date:** 01-May-2012

**Inception Date:** 01-Apr-2012

**Composite Description:** The MFS Canadian Equity Composite includes all discretionary portfolios managed to the MFS Canadian Equity strategy. The strategy seeks long-term capital appreciation by investing primarily in large-capitalization companies that are domiciled in or have economic ties to Canada that offer durable, above-average growth, financial strength and a consistent business model. Because the portfolio may invest a substantial amount of its assets in issuers located in a single country or in a limited number of countries, it may be more volatile than a portfolio that is more geographically diversified. Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions.

#### Institutional Separate Accounts Fee Schedule

Asset Breakpoints (CAD)	Fee
For Assets Up To 50 MM	30 bp
For Assets From 50 MM To 100 MM	25 bp
For Assets Over 100 MM	20 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 1 MM USD (1.4 MM CAD). Accounts are included as of their first full month of performance.

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (CAD million)	
	Gross of fees	Net of fees <sup>^</sup>	Benchmark			Composite	Benchmark	Composite	Firm
2022	-3.85	-4.14	-5.84	n/a	<6	16.99	18.08	\$1,364.0	\$714,369.6
2021	22.96	22.60	25.09	n/a	<6	15.11	16.37	\$1,949.5	\$851,837.8
2020	7.09	6.71	5.60	n/a	<6	15.45	17.01	\$1,663.9	\$763,223.3
2019	21.63	21.15	22.88	n/a	<6	8.42	9.11	\$1,693.8	\$672,454.2
2018	-6.36	-6.73	-8.89	n/a	<6	7.68	7.91	\$1,325.2	\$582,573.1
2017	9.41	8.85	9.10	n/a	<6	7.34	7.40	\$1,575.0	\$615,214.6
2016	15.37	14.54	21.08	n/a	<6	8.06	8.32	\$1,438.5	\$570,670.1
2015	-3.63	-4.33	-8.32	n/a	<6	8.31	8.47	\$1,295.5	\$572,882.1
2014	14.45	13.64	10.55	n/a	<6	n/a	n/a	\$1,469.9	\$498,295.4
2013	19.88	19.03	12.99	n/a	<6	n/a	n/a	\$1,604.0	\$438,005.5

MFS Investment Management® claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MFS Investment Management has been independently verified for the periods 1-Jan-1988 through 31-Dec-2021. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Past performance is no guarantee of future results. Performance for periods less than one year are not annualized.

Total Gross-of-fee returns in CAD (includes both capital appreciation and reinvestment of income) are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody and other indirect expenses. Certain institutional accounts hold Canadian trusts subject to custody and other indirect expenses. Typical separate accounts utilize 4:00 PM (London Time) foreign exchange rates; retail products will use rates deemed most appropriate for daily NAV per share calculations. The possibility exists for performance dispersion between otherwise similarly managed accounts and also with the benchmark.

<sup>^</sup>Net-of-fee returns presented in this table are gross-of-fee returns reduced by management fees and performance fees if applicable (actual fees). For certain accounts where the actual fees are unavailable, the maximum applicable annual institutional separate account fees were applied.

Total returns of the benchmark are provided for each period depicted, expressed in CAD. Source of Benchmark Performance: FACTSET®.

S&P/TSX Capped Composite - Comprises the majority of market capitalization for Canadian-based, Toronto Stock Exchange listed companies with the relative weight by market capitalization of any single index constituent is capped at 10%.

Composite Dispersion is measured by the asset-weighted standard deviation of gross-of-fees account returns for all accounts in the composite for the full period. For composites containing less than six accounts for the full period, dispersion is deemed not meaningful and is not presented. The three-year annualized ex post standard deviation measures the variability of the gross-of-fees composite returns and the benchmark returns over the preceding 36-month period.

Prior to 1-May-2017, the maximum institutional separate account fee charged for this product was 75 bps. From 1-May-2017 through 30-Jun-2020, the maximum institutional separate account fee charged for this product was 40 bps.

The composite asset minimum changed from 2MM USD to 1MM USD on 01-Nov-2022.

For purposes of GIPS compliance, the firm is defined as MFS Investment Management (MFS), which is comprised of Massachusetts Financial Services Company and MFS Institutional Advisors, Inc. (MFSI), each of which is a registered investment advisor, MFS Heritage Trust Company, a New Hampshire Trust company, and MFS Investment Management Canada Limited. Total firm assets include assets managed by Massachusetts Financial Services Company, MFSI, MFS Heritage Trust Company and MFS Investment Management Canada Limited as well as assets managed by Massachusetts Financial Services Company and MFSI in a sub-advisory capacity on behalf of affiliated investment advisors that may or may not be registered under the United States Investment Advisers Act of 1940, such as MFS International (U.K.), Ltd. (MIL UK) and MFS Investment Management K.K. (MIMKK), MFS International Singapore Pte. Ltd, MFS International Australia Pty Ltd, and MFS Investment Management Company (Lux) S.à.r.l as well as assets managed by Massachusetts Financial Services Company and MFSI on behalf of unaffiliated investment advisors that are not registered under the United States Investment Advisers Act of 1940.

The firm's list of composite descriptions, list of pooled fund descriptions for limited distribution pooled funds, and list of broad distribution pooled funds are available upon request. Additionally, policies for valuing investment, calculating performance, and preparing GIPS Reports are available upon request.

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**Limited Distribution Pooled Fund Fees and Expenses**

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<b>Fund Name</b>	<b>Vehicle</b>	<b>Max Management Fee</b>	<b>Other Expense</b>	<b>Total Expenses</b>
MFS Canadian Equity Fund	Canadian Trust	40	5	45