

# MFS® Canadian Research Equity (CAD)

## Goal

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

## Investment team

Team of Investment Professionals

### General Oversight

James Keating, CFA

- 17 years with MFS
- 32 years in industry

## Assets under management (CAD)

MFS Investment Management® 847.2 billion

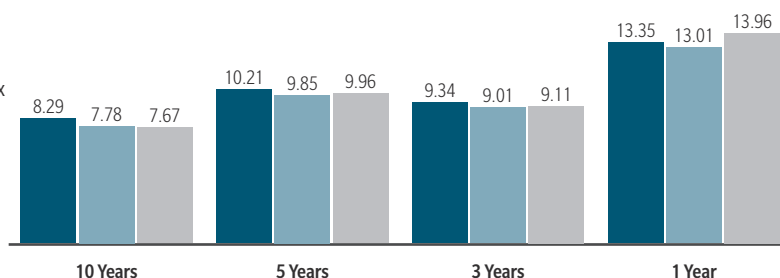
MFS® Canadian Research Equity Composite 1.2 billion

## Philosophy

- Focus on companies with durable business models or potential for significant improvement, where valuation is not adequately recognized by the market
- Employ valuation discipline, as one of the key drivers of long-term returns
- Maintain a long-term focus in order to capitalize on opportunities created by investors with shorter-term horizons

## 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.



Gross vs. S&P/TSX Capped Composite Index	0.62	0.25	0.23	-0.61
Net vs. S&P/TSX Capped Composite Index	0.11	-0.11	-0.10	-0.95

## Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
MFS (gross of fees)	12.10	-5.25	17.29	9.21	-5.87	22.75	6.70	23.72	-5.33	11.98	6.13
MFS (net of fees)	11.27	-5.97	16.42	8.65	-6.25	22.27	6.31	23.35	-5.61	11.65	6.06
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	6.62

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

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
MFS (gross of fees)	-10.79	39.42	18.39	-2.60	13.35
MFS (net of fees)	-11.15	38.95	18.04	-2.89	13.01
S&P/TSX Capped Composite Index	-14.21	44.25	20.19	-5.17	13.96

**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.

Historical performance results may have differed had the composite included assets of client accounts during these time periods for various reasons including the impact of cash flows.

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 Composite Index
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	10.2%	10.0%
Price/earnings (12 months forward ex-negative earnings)	16.2x	14.9x
Return on equity (3-year average)	14.7%	13.5%
Return on invested capital	8.6%	8.3%
Long term debt/capital	34.6%	35.0%
<b>Market capitalization</b>		
Market capitalization (CAD) <sup>2</sup>	76.0 bn	67.6 bn
Market capitalization (CAD) <sup>3</sup>	27.6 bn	4.5 bn
<b>Diversification</b>		
Number of Issues	56	224
<b>Turnover</b>		
Trailing 1 year turnover <sup>4</sup>	10%	—
<b>Risk/reward (5 year)</b>		
	<b>Gross/Net</b>	
Upside capture	96.50%/95.66%	—
Downside capture	93.20%/93.92%	—
Sharpe ratio	0.56/0.54	0.51
Standard deviation	14.75%/14.75%	15.59%
Beta	0.94/0.94	—
Historical tracking error	2.32%/2.32%	—

TOP 10 HOLDINGS (%)			
Security	Sector	MFS	S&P/TSX Composite Index
ROYAL BANK OF CANADA	Financials	7.8	6.1
TORONTO-DOMINION BANK/ THE	Financials	6.2	4.6
CANADIAN NATURAL RESOURCES LTD	Energy	5.8	3.5
CANADIAN PACIFIC KANSAS CITY LTD	Industrials	4.4	3.5
BANK OF MONTREAL	Financials	4.3	3.0
SUNCOR ENERGY INC	Energy	4.3	2.0
SHOPIFY INC	Information Technology	4.0	4.0
ENBRIDGE INC (EQ)	Energy	3.8	3.3
CONSTELLATION SOFTWARE INC/CANADA	Information Technology	3.5	2.3
BROOKFIELD CORP	Financials	3.1	2.6

### 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.

### Benchmark and vendor disclosures

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SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%) <sup>†</sup>	S&P/TSX Composite Index
Industrials	4.5
Information Technology	2.8
Consumer Discretionary	1.8
Health Care	-0.3
Real Estate	-0.3
Communication Services	-0.5
Utilities	-0.8
Consumer Staples	-0.9
Materials	-2.1
Energy	-2.5
Financials	-3.1

<sup>1</sup> Source: FactSet

<sup>2</sup> Weighted average.

<sup>3</sup> Median.

<sup>4</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>†</sup> 1.4% Cash & Cash Equivalents.

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.

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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 Research Equity Composite

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

**Creation Date:** 28-Nov-2012

**Inception Date:** 01-Nov-2012

**Composite Description:** The MFS Canadian Research Equity Composite includes all discretionary portfolios managed to the MFS Canadian Research Equity strategy. The strategy seeks long-term capital appreciation by investing primarily in companies that are domiciled in or have economic ties to Canada that offer a large discount to fair value based on either stronger than expected earnings growth or undervalued business models that represent the highest conviction ideas of the MFS equity research analysts. 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 (1.3 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^	Benchmark			Composite	Benchmark	Composite	Firm
2023	11.98	11.65	11.75	n/a	<6	13.40	13.46	\$1,058.8	\$758,972.6
2022	-5.33	-5.61	-5.84	n/a	<6	16.94	18.08	\$956.0	\$714,369.6
2021	23.72	23.35	25.09	n/a	<6	15.13	16.37	\$1,066.0	\$851,837.8
2020	6.70	6.31	5.60	n/a	<6	15.54	17.01	\$984.8	\$763,223.3
2019	22.75	22.27	22.88	n/a	<6	8.47	9.11	\$990.8	\$672,454.2
2018	-5.87	-6.25	-8.89	n/a	<6	7.64	7.91	\$965.6	\$582,573.1
2017	9.21	8.65	9.10	n/a	<6	7.33	7.40	\$1,112.7	\$615,214.6
2016	17.29	16.42	21.08	n/a	<6	8.11	8.32	\$32.0	\$570,670.1
2015	-5.25	-5.97	-8.32	n/a	<6	8.38	8.47	\$27.8	\$572,882.1
2014	12.10	11.27	10.55	n/a	<6	n/a	n/a	\$29.3	\$498,295.4

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-2022. 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.

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%.

Historical performance results may have differed had the composite included assets of client accounts during these time periods for various reasons including the impact of cash flows.

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-Sep-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 effective 1-Nov-2022.



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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. Standard & Poor's® and "S&P®" are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by MFS. The S&P 500® is a product of S&P Dow Jones Indices LLC, and has been licensed for use by MFS. MFS's Fund(s) is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, their respective affiliates make any representation regarding the advisability of investing in such product(s).

Limited Distribution Pooled Fund Fees and Expenses

Fund Name	Vehicle	Max Management Fee	Other Expense	Total Expenses
MFS Canadian Research Equity Fund	Canadian Trust	40	5	45