

# MFS® Blended Research® - U.S. Small Cap Equity (USD)



## Goal

The goal of the Blended Research - U.S. Small Cap Equity strategy, while not guaranteed, is to outperform the Russell 2000® Index over a full market cycle with a controlled tracking error.

## Investment team

### Lead Portfolio Manager

**Matt Krummell, CFA**

- 23 years with MFS

- 31 years in industry

### Portfolio Managers

**Jim Fallon**

- 25 years with MFS

- 25 years in industry

**Jonathan Sage, CFA**

- 24 years with MFS

- 28 years in industry

**Jed Stocks, CFA**

- 24 years with MFS

- 25 years in industry

### Institutional Portfolio Manager

**Christopher Zani, CFA**

- 4 years with MFS

- 22 years in industry

## Assets under management (USD)

MFS Investment Management® 595.7 billion

MFS® Blended Research® - U.S. Small Cap Equity Composite 406.1 million

## Philosophy

We believe:

- Investing in high-quality companies that are trading at favorable valuations with a catalyst may be rewarded over the long term
- Quantitative research provides a systematic, objective appraisal that complements the qualitative perspective of fundamental research
- Integrating fundamental and quantitative research in a disciplined portfolio construction process may lead to strong risk-adjusted results

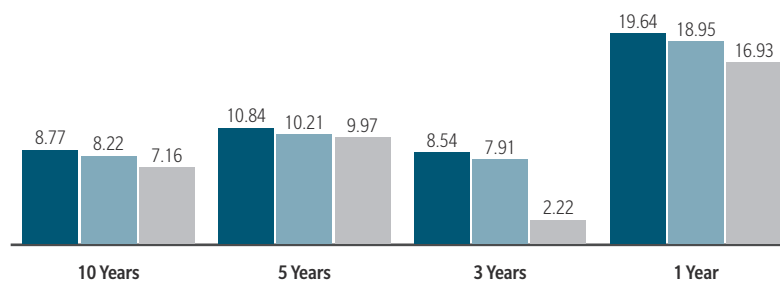
## Performance (%) total return

■ MFS (gross of fees)

■ MFS (net of fees)

■ Russell 2000® Index

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



Gross vs. Russell 2000® Index	1.61	0.87	6.32	2.71
Net vs. Russell 2000® Index	1.06	0.24	5.69	2.02

## Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MFS (gross of fees)	7.84	-3.64	21.32	15.27	-4.68	27.20	2.85	30.07	-17.83	19.64
MFS (net of fees)	7.41	-4.03	20.82	14.73	-5.17	26.53	2.26	29.32	-18.32	18.95
Russell 2000® Index	4.89	-4.41	21.31	14.65	-11.01	25.52	19.96	14.82	-20.44	16.93

## 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)	27.20	2.85	30.07	-17.83	19.64
MFS (net of fees)	26.53	2.26	29.32	-18.32	18.95
Russell 2000® Index	25.52	19.96	14.82	-20.44	16.93

**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	Russell 2000® Index
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward ex-negative earnings)	13.6x	15.2x
Price/book	1.9x	2.0x
Price/sales	1.2x	1.3x
Dividend yield	1.4%	1.4%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>1</sup>	4.5 bn	3.2 bn
<b>Diversification</b>		
Top ten issues	15%	3%
Number of Issues	164	1,966
<b>Turnover</b>		
Trailing 1 year turnover <sup>2</sup>	51%	—
<b>Risk profile (current)</b>		
Axioma predicted tracking error <sup>3</sup>	3.00%	—
Active share	91%	—

TOP 10 HOLDINGS (%)		
Security	MFS	Russell 2000® Index
ELF BEAUTY INC	1.8	0.3
CATHAY GENERAL BANCORP	1.7	0.1
SKECHERS USA INC	1.7	—
GRAND CANYON EDUCATION INC	1.5	—
AZEK CO INC/THE	1.5	—
EMPIRE STATE REALTY TRUST INC	1.5	0.1
SLM CORP	1.5	—
API GROUP CORP	1.4	0.3
PHILLIPS EDISON & CO INC	1.4	0.2
SAIA INC	1.4	—

SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%) <sup>†</sup>	Russell 2000® Index
Materials	1.3
Communication Services	1.0
Real Estate	0.5
Health Care	0.3
Consumer Discretionary	0.0
Financials	-0.1
Energy	-0.2
Industrials	-0.4
Consumer Staples	-1.1
Utilities	-1.1
Information Technology	-1.2

<sup>1</sup> Weighted average.

<sup>2</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>3</sup> Source: Axioma

<sup>†</sup> 0.9% 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 Blended Research - U.S. Small Cap Equity Composite

**Benchmark:** Russell 2000® - Total Return

**Creation Date:** 30-Jan-2013

**Inception Date:** 01-Jan-2013

**Composite Description:** The MFS Blended Research - U.S. Small Cap Equity Composite includes all discretionary portfolios managed to the MFS Blended Research - US Small Cap Equity strategy that seek to outperform the Russell 2000 Total Return Index over a full market cycle with controlled tracking error. The strategy seeks to provide long-term growth of capital through investment in equity securities, generally of U.S. small-capitalization companies, selected through a blend of fundamental and quantitative research. Fundamental research focuses on quality and valuation with a long-term investment horizon. Quantitative research, which utilizes a multi-factor model, provides an objective appraisal that complements the qualitative perspective of fundamental research. MFS' investment analysis, development and use of quantitative models, and selection of investments may not produce the intended results and/or can lead to an investment focus that results in underperforming portfolios with similar investment strategies and/or the markets in which the portfolio invests. The proprietary and third party quantitative models used by MFS may not produce the intended results for a variety of reasons, including the factors used, the weight placed on each factor, changing sources of market return, changes from the market factors' historical trends, and technical issues in the development, application, and maintenance of the models (e.g., incomplete or inaccurate data, programming/software issues, coding errors and technology failures). 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. Investments in small-cap companies can be more volatile than investments in larger companies.

#### Institutional Separate Accounts Fee Schedule

Asset Breakpoints (USD)	Fee
For Assets Up To 50 MM	50 bp
For Assets From 50 MM To 100 MM	45 bp
For Assets Over 100 MM	40 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 1 MM USD. 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 (USD million)	
	Gross of fees	Net of fees^	Benchmark			Composite	Benchmark	Composite	Firm
2022	-17.83	-18.32	-20.44	n/a	<6	25.38	26.39	\$394.4	\$527,229.5
2021	30.07	29.32	14.82	n/a	<6	23.52	23.68	\$480.7	\$674,375.8
2020	2.85	2.26	19.96	n/a	<6	25.27	25.63	\$416.8	\$599,076.3
2019	27.20	26.53	25.52	n/a	<6	16.25	15.93	\$375.2	\$518,568.9
2018	-4.68	-5.17	-11.01	n/a	<6	15.00	16.01	\$244.8	\$426,543.5
2017	15.27	14.73	14.65	n/a	<6	12.37	14.11	\$201.9	\$491,012.9
2016	21.32	20.82	21.31	n/a	<6	14.14	15.99	\$150.4	\$425,539.8
2015	-3.64	-4.03	-4.41	n/a	<6	13.42	14.16	\$113.1	\$412,412.4
2014	7.84	7.41	4.89	n/a	<6	n/a	n/a	\$135.7	\$430,214.0
2013	46.46	45.92	38.82	n/a	<6	n/a	n/a	\$154.4	\$412,240.5

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Total Gross-of-fee returns in USD (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. 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 USD. Source of Benchmark Performance: FACTSET ®.

Russell® 2000 - Total Return - constructed to provide a comprehensive barometer for securities in the small-cap segment of the U.S. equity universe. The index includes 2,000 of the smallest U.S. companies based on total market capitalization, representing approximately 10% of the investable U.S. equity market. 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. The composite asset minimum changed from 2MM USD to 1MM USD on 01-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.

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