

MFS® Low Volatility - Canadian Equity (CAD)



Goal

The MFS Low Volatility - Canadian Equity strategy seeks to outperform the S&P/TSX Capped Composite Index over the long term at less volatility than the index.

Investment team

Lead Portfolio Manager

Jim Fallon

- 25 years with MFS
- 25 years in industry

Portfolio Managers

Matt Krummell, CFA

- 23 years with MFS
- 31 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 (CAD)

MFS Investment Management® 785.5 billion

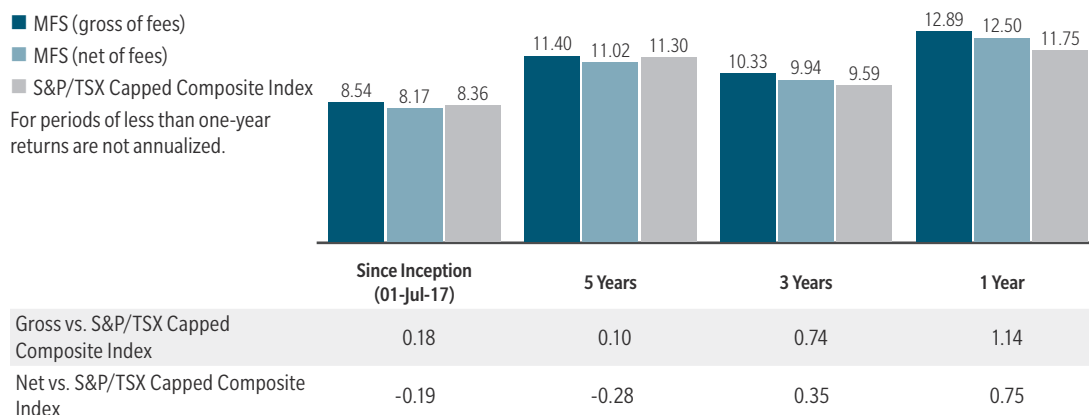
MFS® Low Volatility - Canadian Equity Composite 471.7 million

Philosophy

We believe that downside market exposure may be reduced by seeking to avoid highly volatile stocks and building a properly diversified portfolio based on research from a blend of quantitative and fundamental inputs. We also believe that the combination of these two independent research views helps to identify relatively attractive investment ideas that may generate strong returns over a full market cycle. Our disciplined, actively managed investment approach:

- Seeks to construct a viable, defensively-positioned portfolio that meets long-term diversification parameters and is weighted toward attractive, investable and less volatile securities
- Blends fundamental and quantitative research to determine whether a stock's valuation properly reflects a company's growth and return prospects, as well as its risk
- Targets a volatility profile lower than the index

Performance (%) total return



Annual performance (%)

	2018	2019	2020	2021	2022	2023
MFS (gross of fees)	-5.63	24.70	2.47	22.20	-2.66	12.89
MFS (net of fees)	-5.96	24.27	2.11	21.78	-3.00	12.50
S&P/TSX Capped Composite Index	-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)	24.70	2.47	22.20	-2.66	12.89
MFS (net of fees)	24.27	2.11	21.78	-3.00	12.50
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.

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 Capped Composite Index
Fundamentals - weighted average		
Price/earnings (12 months forward)	12.9x	14.1x
Price/cash flow	9.8x	9.3x
Price/sales	1.3x	1.5x
PEG ratio	1.8x	1.8x
Dividend yield	3.1%	3.2%
Return on equity (3-year average)	15.5%	12.8%
Return on invested capital	9.2%	7.8%
IBES long-term EPS growth ¹	8.2%	9.8%
Market capitalization		
Market capitalization (CAD) ²	51.7 bn	65.4 bn
Diversification		
Top ten issues	39%	37%
Number of Issues	57	225
Turnover		
Trailing 1 year turnover ³	31%	—
Risk profile (current)		
Active share	50%	—
Risk/reward (5 year)		
Beta	Gross/Net 0.87/0.87	—
Historical tracking error	3.82%/3.82%	—
Standard deviation	14.29%/14.29%	15.94%
Sharpe ratio	0.67/0.65	0.60
Downside capture	85.71%/86.50%	—
Upside capture	91.52%/90.68%	—

TOP 10 HOLDINGS (%)		
Security	MFS	S&P/TSX Capped Composite Index
BANK OF MONTREAL	4.8	3.2
ROYAL BANK OF CANADA	4.3	6.3
TORONTO-DOMINION BANK/ THE	4.2	5.2
MANULIFE FINANCIAL CORP	4.1	1.8
CONSTELLATION SOFTWARE INC/CANADA	4.1	2.2
PEMBINA PIPELINE CORP	3.9	0.8
ENBRIDGE INC (EQ)	3.7	3.4
LOBLAW COMPANIES LTD (EQ)	3.4	0.6
ALIMENTATION COUCHE-TARD INC - EQ	3.2	1.9
AGNICO EAGLE MINES LTD	3.1	1.2

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. ■ 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, 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.

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SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%) ^{†,‡}	
	S&P/TSX Capped Composite Index
Consumer Staples	2.9
Industrials	2.2
Consumer Discretionary	1.0
Information Technology	0.3
Equity Warrants	0.0
Real Estate	-0.1
Health Care	-0.3
Communication Services	-0.6
Materials	-0.8
Utilities	-1.0
Energy	-1.9
Financials	-2.1

¹ Source: FactSet

² Weighted average.

³ US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

[†] 0.5% Cash & Cash Equivalents.

[‡] -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.

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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 Low Volatility Canadian Equity Composite

Benchmark: S&P/TSX CAPPED COMPOSITE INDEX - Total Return

Creation Date: 02-Aug-2017

Inception Date: 01-Jul-2017

Composite Description: The MFS Low Volatility Canadian Equity Composite includes all discretionary portfolios managed to the MFS Low Volatility Canadian Equity strategy that seek to outperform the S&P/TSX Capped Composite Index, with lower volatility, over a full market cycle through investments primarily in Canadian securities 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 multi-factor models, 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). 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 25 MM	35 bp
For Assets From 25 MM To 50 MM	25 bp
For Assets From 50 MM To 100 MM	20 bp
For Assets Over 100 MM	17.5 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^	Benchmark			Composite	Benchmark	Composite	Firm
2022	-2.66	-3.00	-5.84	n/a	<6	16.12	18.08	\$380.3	\$714,369.6
2021	22.20	21.78	25.09	n/a	<6	14.76	16.37	\$436.0	\$851,837.8
2020	2.47	2.11	5.60	n/a	<6	15.20	17.01	\$388.6	\$763,223.3
2019	24.70	24.27	22.88	n/a	<6	n/a	n/a	\$400.1	\$672,454.2
2018	-5.63	-5.96	-8.89	n/a	<6	n/a	n/a	\$370.7	\$582,573.1
2017**	5.22	5.04	8.30	n/a	<6	n/a	n/a	\$414.2	\$615,214.6

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.

** Indicates partial period.

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 Index - 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.

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.

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

Fund Name	Vehicle	Max Management Fee	Other Expense	Total Expenses
MFS Low Volatility Canadian Equity Fund	Canadian Trust	35	5	40