



# MFS® Canadian Fixed Income (CAD)

## Goal

Seeks to outperform the FTSE Canada Universe Bond Index over a full market cycle.

## Investment team

### Portfolio Managers

**Soami Kohly, CFA, FCIA, FSA**

- 15 years with MFS
- 31 years in industry

**Joshua Marston**

- 24 years with MFS
- 32 years in industry

## Assets under management (CAD)

MFS Investment Management® 847.2 billion

MFS® Canadian Fixed Income Composite 1.7 billion

## Philosophy

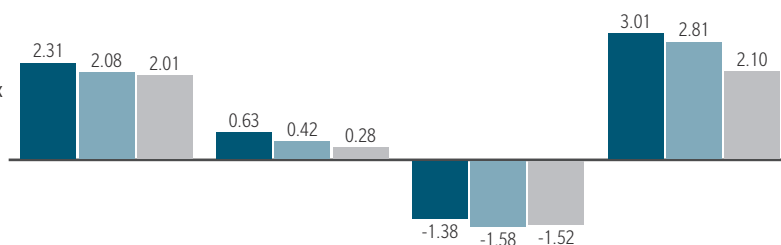
We believe an active, fundamental approach to Canadian bond management within a strict risk management regimen offers the opportunity to deliver strong risk-adjusted returns over time. Our investment approach is based on two persistent opportunities that we believe represent a potential consistent source of alpha over time:

- Credit markets have underlying inefficiencies
- Multiple factors have the ability to influence the level of interest rates, spreads, and the shape of the yield curve to trade at levels inconsistent with an assessment of fair value

## Performance (%) total return

- MFS (gross of fees)
- MFS (net of fees)
- FTSE Canada Universe Bond Index

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



	10 Years	5 Years	3 Years	1 Year
Gross vs. FTSE Canada Universe Bond Index	0.30	0.35	0.14	0.91
Net vs. FTSE Canada Universe Bond Index	0.07	0.14	-0.06	0.71

## Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
MFS (gross of fees)	9.36	3.05	2.53	2.74	1.54	7.17	9.79	-2.32	-11.99	7.32	-0.97
MFS (net of fees)	9.07	2.83	2.30	2.51	1.30	6.91	9.55	-2.52	-12.17	7.10	-1.02
FTSE Canada Universe Bond Index	8.79	3.52	1.66	2.52	1.41	6.87	8.68	-2.54	-11.69	6.69	-1.22

## 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)	3.61	3.86	-4.69	-2.31	3.01
MFS (net of fees)	3.36	3.64	-4.88	-2.51	2.81
FTSE Canada Universe Bond Index	4.46	1.62	-4.52	-2.01	2.10

**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	FTSE Canada Universe Bond Index
<b>Fundamentals</b>		
Average effective duration	7.0yrs	7.0yrs
Yield to worst <sup>1</sup>	4.4%	4.2%
Average coupon	3.3%	3.3%
Average quality <sup>2,c</sup>	AA-	AA
Average effective maturity	9.5yrs	9.7yrs
<b>Diversification</b>		
Number of Issues	134	—
Number of Issuers	71	—
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	61%	—
<b>Risk/reward (5 year)</b>		
	<b>Gross/Net</b>	
Historical tracking error	0.85%/	—
	0.85%	
	0.42/	
Information ratio	0.17	—

CREDIT QUALITY (%) <sup>c</sup>	
AAA	30.1
AA	33.1
A	18.0
BBB	18.2
BB	0.3
Cash & Cash Equivalents	0.1

PORTFOLIO COMPOSITION (%)		
	MFS	FTSE Canada Universe Bond Index
Federal	29.4	39.7
Provincial	34.0	33.3
Municipal	0.5	1.9
Corporate	35.9	25.2
Cash & Cash Equivalents	0.1	—

TERM STRUCTURE (%)		
	MFS	FTSE Canada Universe Bond Index
Less than 1 Year	0.6	—
1-5 Years	39.7	42.1
5-10 Years	22.5	29.2
10+ Years	37.2	28.7
Mid-Term (3-10 Years)	44.8	47.5

<sup>1</sup> Weighted average yield-to-worst of all portfolio holdings excluding cash & derivatives. Yield-to-worst is the annual estimate of the portfolio yield considering factors such as call provisions, prepayments, and other features that may affect a bond's cash flow; and assumes no default. It is an estimated characteristic at a point in time and is not a measure of portfolio performance.

<sup>2</sup> The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

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

<sup>c</sup> For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Dominion Bond Rating Service (DBRS), Standard and Poor's, Moody's Investors Service, and Fitch rating agencies. In cases where the agencies do not agree on the credit rating, the rating is classified according to the following rules: If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings; if three agencies rate a security, use the most common rating; In the rare event that all three agencies disagree, use the middle rating. If four agencies rate a security, use the most common rating; If four agencies rate a security with a two way split, use the lower rating. In the highly unlikely event that all four agencies disagree, consider the three lower ratings applying the three rating methodology rule. If none of the 4 rating agencies listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA rating is assigned. Ratings are shown in the S&P and DBRS scale (e.g., AAA). All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency MBS, and CMOs of U.S. Agency MBS. Other Not Rated includes fixed income securities which have not been rated by any rating agency. The index rating methodology may differ.

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

MFS has not independently verified benchmark data provided by the vendor or the underlying methodology, which may be different than MFS.

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. ■ Investments in debt instruments may decline in value as the result of, or perception of, declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall). Therefore, the portfolio's value may decline during rising rates.

### Benchmark and vendor disclosures

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE"<sup>®</sup>, "Russell"<sup>®</sup>, "FTSE Russell"<sup>®</sup>, "MTS"<sup>®</sup>, "FTSE4Good"<sup>®</sup>, "ICB"<sup>®</sup>, "Mergent"<sup>®</sup>, "The Yield Book"<sup>®</sup>, is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. "TMX"<sup>®</sup> is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Source FTSE International Limited ("FTSE") © FTSE 2024. "FTSE"<sup>®</sup> is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or data underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

## Global disclosures

Issued in the United States by MFS Institutional Advisors, Inc., a U.S.-based investment advisor and subsidiary of Massachusetts Financial Services Company ("MFS"). Issued in Canada by MFS Investment Management Canada Limited. MFS Institutional Advisors, Inc. provides certain sub-advisory services to all MFS Investment Management Canada Limited portfolios, including discretionary investment management for non-Canadian portfolios or components of portfolios. Pursuant to a sub-advisory agreement executed between MFS Institutional Advisors, Inc. and MFS Investment Management Canada Limited, MFS provides investment advice pursuant to statutory exemptions or regulatory relief, as applicable. Such advice is being rendered outside of Canada and certain members of the team may not be registered in any capacity with any Canadian securities regulatory authority. Note to UK and Switzerland readers: Issued in the UK and Switzerland by MFS International (U.K.) Limited ("MIL UK"), a private limited company registered in England and Wales with the company number 03062718, and authorised and regulated in the conduct of investment business by the UK Financial Conduct Authority. MIL UK, an indirect subsidiary of MFS®, has its registered office at One Carter Lane, London, EC4V 5ER. Note to Europe (ex UK and Switzerland) readers: Issued in Europe by MFS Investment Management (Lux) S.à r.l. (MFS Lux) – authorized under Luxembourg law as a management company for Funds domiciled in Luxembourg and which both provide products and investment services to institutional investors and is registered office is at S.a r.l. 4 Rue Albert Borschette, Luxembourg L-1246. Tel: 352 2826 12800. This material shall not be circulated or distributed to any person other than to professional investors (as permitted by local regulations) and should not be relied upon or distributed to persons where such reliance or distribution would be contrary to local regulation. Issued in Hong Kong by MFS International (Hong Kong) Limited ("MIL HK"), a private limited company licensed and regulated by the Hong Kong Securities and Futures Commission (the "SFC"). MIL HK is a wholly-owned, indirect subsidiary of Massachusetts Financial Services Company, a US based investment adviser and fund sponsor registered with the US Securities and Exchange Commission. MIL HK is approved to engage in dealing in securities and asset management regulated activities and may provide certain investment services to "professional investors" as defined in the Securities and Futures Ordinance ("SFO"). Issued in Singapore by MFS International Singapore Pte. Ltd., a private limited company registered in Singapore with the company number 201228809M, and further licensed and regulated by the Monetary Authority of Singapore. Issued in Japan: MFS Investment Management K.K., is registered as a Financial Instruments Business Operator, Kanto Local Finance Bureau (FIBO) No.312, a member of the Investment Trust Association, Japan and the Japan Investment Advisers Association. As fees to be borne by investors vary depending upon circumstances such as products, services, investment period and market conditions, the total amount nor the calculation methods cannot be disclosed in advance. All investments involve risks, including market fluctuation and investors may lose the principal amount invested. Investors should obtain and read the prospectus and/or document set forth in Article 37-3 of Financial Instruments and Exchange Act carefully before making the investments. For professional investors in Australia: MFS International Australia Pty Ltd ("MFS Australia") (ABN 68 607 579 537) holds an Australian financial services licence number 485343. MFS Australia is regulated by the Australian Securities and Investments Commission. For Professional Investors in China – MFS Financial Management Consulting (Shanghai) Co., Ltd. 2801-12, 28th Floor, 100 Century Avenue, Shanghai World Financial Center, Shanghai Pilot Free Trade Zone, 200120, China, a Chinese limited liability company registered to provide financial management consulting services. This material is directed at investment professionals for general information use only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities and/or sectors mentioned herein are for illustration purposes and should not be construed as a recommendation for investment. Investment involves risk. Past performance is not indicative of future performance. The information contained herein may not be copied, reproduced or redistributed without the express consent of MFS Investment Management ("MFS"). While the information is believed to be accurate, it may be subject to change without notice. MFS does not warrant or represent that it is free from errors or omissions or that the information is suitable for any particular person's intended use. Except in so far as any liability under any law cannot be excluded, MFS does not accept liability for any inaccuracy or for the investment decisions or any other actions taken by any person on the basis of the material included. MFS does not authorise distribution to retail investors. Unless otherwise indicated, logos, product and services names are trademarks of MFS and its affiliates and may be registered in certain countries. 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 Fixed Income Composite

**Benchmark:** FTSE Canada Universe Bond Index

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

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

**Composite Description:** The MFS Canadian Fixed Income Composite includes all discretionary portfolios managed to the MFS Canadian Fixed Income strategy that do not have extensive guideline restrictions. The strategy seeks total returns by investing in a diversified portfolio of primarily Canadian dollar denominated fixed income securities and occasionally a limited allocation to non-Canadian dollar fixed income securities.

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.

Investments in debt instruments may decline in value as the result of, or perception of, declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall).

Therefore, the portfolio's value may decline during rising rates.

**Institutional Separate Accounts Fee Schedule**

Asset Breakpoints (CAD)	Fee
For Assets Up To 50 MM	20 bp
For Assets From 50 MM To 100 MM	17.50 bp
For Assets Over 100 MM	15 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 20 MM USD (26.4 MM CAD). Accounts are included as of their second full month of performance.

**Derivative Exposure Disclosure**

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
2023	7.32	7.10	6.69	n/a	<6	7.29	7.18	\$1,703.9	\$758,972.6
2022	-11.99	-12.17	-11.69	n/a	<6	7.03	6.56	\$1,555.1	\$714,369.6
2021	-2.32	-2.52	-2.54	n/a	<6	5.35	4.77	\$1,825.3	\$851,837.8
2020	9.79	9.55	8.68	n/a	<6	4.95	4.24	\$1,803.4	\$763,223.3
2019	7.17	6.91	6.87	n/a	<6	3.91	3.62	\$1,711.9	\$672,454.2
2018	1.54	1.30	1.41	n/a	<6	3.60	3.43	\$1,761.1	\$582,573.1
2017	2.74	2.51	2.52	n/a	<6	4.08	4.28	\$2,393.3	\$615,214.6
2016	2.53	2.30	1.66	n/a	<6	3.76	4.04	\$2,505.1	\$570,670.1
2015	3.05	2.83	3.52	n/a	6	3.85	4.14	\$2,686.1	\$572,882.1
2014	9.36	9.07	8.79	n/a	<6	n/a	n/a	\$2,892.3	\$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 ®.

FTSE Canada Universe Bond Index - a market capitalization index designed as a broad measure of the Canadian investment-grade fixed income 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 5MM USD to 20MM USD effective 1-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.



Certain accounts in this composite utilize derivatives for hedging, investment exposure, implementation efficiency, and transaction cost mitigation purposes. Derivative exposures can be volatile, used to take long or short positions, involve leverage (which can magnify gains or losses), and involve counterparty and liquidity risk. The table below displays the high, median, and low month-end derivative exposures over the last three years, when available or since inception if the composite is less than three years old. Derivative exposure of the account is calculated as the gross equivalent exposure of total net assets. The derivative exposures, displayed below, are the average exposures of the accounts that held derivatives.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", and "FTSE Canada®" is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Limited Distribution Pooled Fund Fees and Expenses

Fund Name	Vehicle	Max Management Fee	Other Expense	Total Expenses
MFS Canadian Fixed Income Fund	Canadian Trust	25	5	30

LONG EXPOSURE		SHORT EXPOSURE	
High	7.21%	High	-7.37%
Median	4.26%	Median	-4.29%
Low	1.71%	Low	-1.71%